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ABSTRACT

Proceedings are presented of hearings before the Committee on Labor and Human Resources (1) to examine the transition from school to work and explore the nature of youth employment and unemployment and (2) to gauge the conditions, trends and problems likely to affect federal labor and human resources policy in the 1980s. Among those testifying were Willard Wirtz, National Manpower Institute: Joseph Anderson, Scientific Time Sharing Corporation; Alice Rivlin, Congressional Budget Office: Jennings Randolph, U.S. Senator: Joan Wiskowski, New Jersey Department of Labor and Industry; and Isabell Sawhill, National Commission for Employment Policy. (LRA)

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ED185381

YOUTH AND THE WORKPLACE: PERSPECTIVES FOR THE COMING DECADE, 1979

HEARINGS

BEFORE THE

COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

TO EXAMINE THE TRANSITION FROM SCHOOL TO WORK AND EXPLORE THE NATURE OF YOUTH EMPLOYMENT AND UNEMPLOYMENT, TO GAUGE THE CONDITIONS, TRENDS, AND PROBLEMS LIKELY TO AFFECT FEDERAL LABOR AND HUMAN RESOURCES POLICY IN THE 1980'S

OCTOBER 23 AND 24, 1979

U S DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

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YOUTH IN THE WORKPLACE: PERSPECTIVES FOR THE COMING DECADE, 1979

TUESDAY, OCTOBER 23, 1979

U.S. Senate,
Committee on Labor and Human Resources,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 4232, Dirksen Senate Office Building, Senator Harrison A. Williams, Jr. (chairman) presiding.

Present: Senators Williams, Schweiker, Javits, and Riegle.

Opening Statement of Senator Williams

The **Chairman**. The Senate Committee on Labor and Human Resources has initiated a series of hearings on "Perspectives for the Coming Decade," to gage the conditions, trends, and problems likely to affect Federal labor and human resources policy in the 1980's. Today's and tomorrow's hearings, "Youth in the Workplace," are third in the series and will focus on youth in the labor market.

Youth unemployment is a grave concern to the committee and the Nation. Our hearing today will examine the transition from school to work and explore the nature of youth employment and unemployment.

Over the course of the next 2 years, the committee will reauthorize programs which affect youth employment and employability. These programs—vocational education, youth employment and training programs, and higher education—must be tailored to meet the needs of youth as they enter the labor market.

Federal employment programs for disadvantaged and handicapped youth, student aid for the poor, compensatory education for the disadvantaged, and bilingual education all have the common goal of providing youth in America with the tools necessary for success and achievement.

Over the last decade, the Congress has established these programs to meet specific needs of individuals and the overall needs of society. Unless there is equal opportunity and access to education and employment, the rights provided by the Constitution are not being adequately offered to all Americans.

Today and tomorrow, we are going to study the overall question of youth employment and unemployment in America and the options available to the Congress for the future.

The transition necessary for entry into the labor market is an issue that will demand attention because it affects every youth seeking employment and stability in our society.

6

The underlying causes of youth unemployment is an area of concern to which we turn our attention. Until we have sufficiently diagnosed the problem, we can offer no reasonable solutions.

The effects of sex and ethnicity on youth labor market entry have become crucial factors in unemployment. The specter of the rising rate of black youth unemployment haunts our Nation and demands our attention as never before. In addition the relationship of wages to the cost of living and the prospects of mounting inflation tends to negate many of the advances made in the area of successful entry into the labor force, particularly for women. We must work toward providing a more positive outlook to all new entrants joining the labor force.

I believe that if we are to train American youth for entering the productive sector of our society, we must provide resources and incentives equally and fairly so youth can make the transition from school to the working place with the skills necessary to succeed and remain employed.

In 10 years, our efforts to train and educate poor and disavantaged youth have been successful for those served and have contributed to the high number of employed workers in America and the continued rate of growth in our gross national product.

However, there are still millions of youth who do not have access to or are not taking advantage of education and training programs. To allow this to continue is to waste very precious human resources and talent our Nation can ill afford to ignore. At a time when our Nation's economy is experiencing double-digit inflation and facing the threat of a major recession, we need every American to be trained and educated to join the labor force and to work at maximum capacity.

I am joined this morning at the outset by the ranking member, Senator Schweiker, who has been part of all that we have accomplished, and certainly will play a significant role in the continuing efforts of this committee.

Senator **SCHWEIKER**. Thank you, Mr. Chairman.

I commend you for holding these hearings on youth unemployment. I think it happens to be one of our top priority problems that chronically has remained unsolved for many years. I think it is one of the most urgent and pressing problems that we have.

While the Nation's attention has been focused in recent months on the possibility of increased cyclical unemployment, the more chronic problem of structural unemployment has yet to be dealt with effectively.

According to the Bureau of Labor Statistics, teenage unemployment has ranged from 15 to 20 percent during the most recent peak of the business cycle. In fact, black teenage unemployment runs as high as 40 percent in many urban areas, a real national tragedy.

This figure fails to count those people who have been discouraged from actively seeking employment and therefore does not show in the statistics. These statistics reflects a failure of Government policy as a whole to identify and correct the problems which exist in several facets of the social environment.

I am looking forward to the recommendations from witnesses over the next 2 days which address a more comprehensive and realistic approach, not only to preparing young people for stable and productive employment, but also to make real jobs available.

I am particularly anxious to hear recommendations for improving the new private-sector initiatives under the Comprehensive Employment Training Act and targeted jobs tax credit. The way to improving opportunities for young people appears to lie in the direction of careful examination of existing programs. Success in meeting the needs of younger labor-market participants will benefit not only the participants themselves, but also their communities, the taxpayers, and the productivity in the entire economy.

I think we have a very difficult time looking our youth in the face today and saying, "Hey, we have got a great system here and hope you will appreciate and support it", when you see youth out of work at 20-percent and 40-percent levels, depending on the color of the skin.

It seems to me a mockery of our economic system and I feel very strongly, as I know the chairman does, that this is something that has been uncorrected too long. It is something that has some very basic structural roots that are not easy to identify and are not easy to correct; but it is something we must do, and I am delighted to have the hearings devoted to this problem.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Schweiker.

Senator Javits.

Senator JAVITS. First, I wish to commend our Chairman, Senator Williams, for taking the initiative in conducting these 2 days of hearings on "Youth and the Workplace: Perspective for the Coming Decade."

One of the most serious aspects of our national unemployment problem—which has been around 5.8 percent lately—is the persistence of intolerable levels of youth unemployment, particularly among minorities and in the older cities. In the second quarter of 1979, minority youth unemployment was recorded officially at 35 percent, and we all suspect it is 50 percent and more in some inner-city areas. This is really social dynamite, and it is vital that we continue seeking the causes of this endemic problem, with our object being to devise a strategy by which some relief can be afforded.

I am particularly gratified that our chairman has provided some focus in these hearings upon the really critical subject of the transition process from the classroom to the workplace.

In my judgment, our educational institutions are situated at a vital junction in the process through which young people acquire the capabilities and attitudes necessary for embarking on lifelong careers. How successful our young people are at navigating the transition from school to work will often determine whether or not they experience serious unemployment in their formative years.

This is what led me and my dear friend, the late Senator Humphrey, to author a bill in early 1977 to foster improved linkages between school and manpower officials at the local level.

With the help of Senator Nelson, our Subcommittee Chairman, and Senator Williams, the proposal became law in Public Law 95-93, the Youth Employment and Demonstration Projects Act, YEDPA, of 1977, as the so-called Javits/Humphrey 22-percent set-aside.

Under the provisions of the 22-percent set-aside, up to $130 million could be made available in fiscal year 1980 for work/study programs, et cetera, for low-income youths enrolled in secondary schools. The purpose being to provide youths with direct exposure to the workplace in order to facilitate their school-to-work transition.

Evaluations of the 22-percent set-aside that have been done since 1977—the program was extended in 1978 for another year—indicate that it has been generally successful in attaining the objectives we had in mind for it in 1977.

In the National Council on Employment Policy Evaluation, the provisions received very high marks. Mr. Chairman, I ask unanimous consent that the evaluation be included in the hearing record.

[The following was received for the record:]

[From the Congressional Record--Senate, September 24, 1979]

* * * * * * *

EXHIBIT 1

INVOLVING SCHOOLS IN EMPLOYMENT AND TRAINING PROGRAMS FOR YOUTH

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Current policy

One of the hallmarks of the Comprehensive Employment and Training Act has been its repeated emphasis on linking local CETA prime sponsor employment and training programs with other local agencies. The various mandates for collaboration have produced few results, however, for lack of mechanisms to facilitate the process of, or of incentives sufficient to overcome the obstacles to cooperation.

The Youth Employment and Demonstration Projects Act of 1977 includes the usual exhortations for collaboration, especially between CETA sponsors and local education agencies. But the Act also includes a specific mechanism to spur it: A provision under the Youth Employment and Training Program reser[illegible] percent of each sponsor's formula [illegible] to be administered under the terms [illegible]ement between the sponsor and [illegible]ation agency (agencies).

The [illegible] of the YETP 22 percent set-asid[illegible] be overstated. It has set in motio[illegible]rocess necessary for genuine collaboration between the education establishment and the employment and training establishment. In isolated instances, usually where schools and CETA offices were already working together, alternative education programs and other joint ventures are thriving.

The 22 percent set-aside appears to be necessary, but it is not sufficient for collaboration. For the most part, the results of CETA-LEA collaboration are uncertain, formal agreements notwithstanding, because there are considerable impediments to progress in the collaborative process. Administrative and substantive differences between the two institutions stand in the way. Nonfinancial incentives (or the removal of disincentives) are necessary along with more substantive guidance with regard to program models and institutional roles. So far, there is no definite policy or set of mechanisms to move the tentative CETA-LEA partnerships beyond their present stage.

In the final analysis, collaboration between the manpower and education establishments can be successful only if it is accepted at the local level. The challenge is coaxing along the two disparate parties. Cases of healthy CETA-LEA partnerships as well as cases in which there are chronic ill feelings between CETA prime sponsors and local educators bear out the conclusion that financial incentives alone are not sufficient to push the collaborative programs already established beyond the rudimentary stage, or even sustain the progress achieved so far. Because of the administrative authority that local CETA sponsors have to the Department of Labor, they can be "won over" by way of the normal prime sponsor channel. But because local schools have no accountability to the Labor Department and little accountability to the U.S. Office of Education, the route for influencing them must be less direct. They certainly cannot be coerced. Instead, models for policies, programs, and collaboration are needed. If they can be used to convince local educators about the importance of employment and training programs for youth, the validity of a role for them in these initiatives, and the feasibility of developing these roles, perhaps their cooperation can be won. CETA prime sponsors, however, are not the ones to provide LEA officials with information or guidance. While they are applying the outside pressure for change in schools, they are not equipped, nor do they have the standing in the education community to direct such change. The objective then is to utilize alternate channels for influencing local education policymakers.

The next step

The U.S. Department of Labor is already relying on the cooperation of educators in a number of interest groups and associations to identify exemplary employment and training programs based in schools and models for collaboration between schools and CETA prime sponsors. The Department has also undertaken a number of joint programs with the U.S. Office of Education in implementing and evaluating YEDPA. The leadership in the Office of Career Education and Bureau of Adult and Vocational Education has been especially cooperative, endorsing the concept of CETA-LEA partnerships and using the access they have to local schools to provide ideas and encourage programs. Additional measures and a clear articulation of some current ad hoc policies seem necessary though.

1. Because institutions seem most subject to change in response to pressure initiated from the outside and endorsed on the inside, the Department of Labor ought to continue its strategies of relying on education groups that already support a manpower-education partnership for youth, to persuade other educators.

2. Changing institutions by adding on new functions is probably easier than changing them by adapting old functions to serve new purposes. Although the U.S. Office of Education is cooperating with the Department of Labor in supporting the new initiatives under YEDPA, there are education laws already on the books that can serve some of the same purposes as YEDPA. USOE ought to review implementation of those laws and determine whether they might be implemented differently to better complement YEDPA.

3. A common complaint in the education community is that educators (with the exception of vocational educators) were not consulted during the development of YEDPA. Debate skipped the question of whether education should take a role in employment and training programs, in favor of the matter of defining how education should be involved.

Because educators feel YEDPA was done to them, it still lacks the whole-hearted support of even the Washington education establishment, to say nothing of other educators around the country. The single most feasible strategy for coalescing support of the education and employment and training institutions around a single purpose might be to create a shared vested interest between them by developing new legislation through a joint process involving education and manpower interests.

4. Because of the federal character of traditional employment and training programs and the reluctance of the federal government to take an activist role in local education affairs, the notion of CETA-LEA linkages may pose something of a dilemma for policymakers concerned with maintaining the autonomy of local schools. But since LEA cooperation in YETP is optional for schools, policymakers should not adopt the alternative suggested by some educators of giving LEAs unilateral authority over YETP set-aside

funds. This is because where sponsors have abdicated authority over the set-aside, the resulting school programs frequently have been conducted without regard to overall YETP program objectives or other CETA youth programs. A lack of prime sponsor authority in these cases has reduced the effectiveness of YEDPA dollars and, more importantly, provides little incentive or pressure for changing the programs schools provide or improving their services to economically disadvantaged youth.

In order to assure the independence of LEAs, however, while giving them a piece of the manpower pie, it might be desirable to funnel a portion of what would otherwise be prime sponsor allocations down to the local level by way of state education agencies, and require LEA officials to administer that money under the terms of an agreement negotiated with CETA sponsors.

5. Whatever the respective roles that CETA sponsors and LEAs may take in jointly supported local education/training/employment "systems" for youth, the development of such systems will take time. National policymakers outright to take this into account in establishing objectives and timetables, or expectations will outrun what is feasible.

INTRODUCTION

The Youth Employment and Demonstration Projects Act of 1977 (PL 95-93, Title III) is the federal government's most recent response to the crisis of youth unemployment. It is an add-on to CETA but includes provisions that present a marked departure from past federal manpower initiatives. One of the most important features of the 1977 legislation is its emphasis on tying local manpower programing for youth to the system of public education. Both the Youth Community Conservation and Improvement Projects (YCCIP) and the Youth Employment and Training Program (YETP) call for development and reinforcement of linkages between a community's employment-training (CETA) organization and its local education agencies (LEAs). More significantly, under YETP, a minimum of 22 percent of each local sponsor's allocation is reserved to be administered under the terms of a prime sponsor-LEA jointly-approved program for employment and training services.

Although the notion of mixing education with employment and training is neither radical nor novel, collaboration between schools and manpower agencies has seldom come easy. Coaxing local manpower administrators, though not simple, is a fairly direct process, thanks to the accountability they have to the U.S. Department of Labor. But convincing officials and teachers in LEAs is another story. Numerous conditions and influences affect the posture of LEAs towards joining education and manpower services for YEDPA eligible youth. Some of these grow out of school policy related, for example, to length of the school day, credentialing of staff, the award of academic credit, or out of experience schools have had serving economically disadvantaged youth or underachievers. Other factors affecting LEAs' posture towards linking manpower and education grow out of a complex network of influence exerted by interest groups with their often conflicting objectives, programs and procedures. These various influences are complicated further by a less than tidy network of governmental interest (federal, state and local), the many professional organizations representing one or another specialized constituency, the internal organization of a local school system, and its constituencies in the community it serves.

From evidence collected so far in case studies conducted by the National Council on Employment Policy on implementation of YEDPA, it is clear that the 22 percent set-aside for CETA-LEA agreements is a useful starting point for improving relationships between local CETA sponsors and schools, and for developing institutional complementarity; but that alone is not sufficient for obtaining the level of results demanded by existing program goals.

It is the purpose of this report first to review the progress that local CETA sponsors and LEAs have made towards collaboration, and then to offer some strategies for improving the durability and long-term usefulness of the joint CETA-LEA ventures. In order to achieve the second purpose of this report, it is necessary to identify and analyze the diverse influences that bear on public schools as they establish procedures and make policy, and to persuade them to support an expanded school role in youth employment and training programs.

The presumption of this report is that in formulating policy, school administrators look beyond financial incentives for their policy cues. Federal and state laws, regulations and guidelines, and their accompanying legislative histories, of course, are important. But so too are the platforms, statements of belief and objectives of professional or political national and state organizations, and professional journals, reports, and research. More direct approaches involving workshops, seminars, lectures, or clinics for local staff also shape local policy.

This analysis starts with a review of prime sponsor-LEA experience under YEDPA so far. It then investigates the systems of governance under which LEAs operate, the less formal networks of influence upon them, and the part they have played in advancing YEDPA goals in local school systems.

METHODOLOGY

The analysis of early prime sponsors and LEA experience under YEDPA—YETP in particular—is based upon the first three parts of a four-part evaluation conducted by the National Council on Employment Policy of YEDPA implementation in 37 CETA prime sponsorships. The implementation study includes extensive discussion about CETA-LEA agreements, the mechanics of local change and the difficulties encountered along the road to collaboration. The findings most useful for this analysis are in the second and third implementation reports, August 1978 and March 1979 respectively.

Data for the second part of this report analyzing channels of influence to local schools other than CETA prime sponsors, were obtained from a number of interviews, meetings and "mini-case studies" conducted in the Summer and Fall of 1978. Interviews were held during July, August and September 1978 with representatives of those national educational organizations or institutions which previously had taken action to stimulate or reinforce linkages between the education community and the employment/training community, or were in a position to influence the education community to do so. The organizations represented in these interviews were:

American Vocational Association (60,000 vocational educators).

American Personnel and Guidance Association (42,000 guidance and counseling specialists).

National Parent-Teacher Association (6.5 million membership).

National School Boards Association (16,000 local school districts).

Council of Great City Schools (28 largest urban school systems).

American Association of School Administrators (20,000 members).

Institute for Educational Leadership.

American Federation of Teachers (2,500 locals).

American Association of Community and Junior Colleges (935 community college members of the 1,235 existing).

National Manpower Institute, Work-Education Consortium (33 communities).

National Governors' Association (all states).

National Conference of State Legislatures (represents 7,600 state legislators).

Council of Chief State School Officers (all states).

National Association of State Boards of Education (51 of 57 state boards).

Office of Career Education, U.S. Office of Education.

Bureau of Vocational, Occupational and Adult Education, U.S. Office of Education.

"Mini-case study" visits were made to the City of Baltimore and the Maryland State Education Agency and to Springfield and Columbus, Ohio, and the Ohio Education Agency. The community visits were not undertaken with the expectation that universal or definitive strategies could be formulated. Rather, the objective was to map the local leverage points in a small number of school systems in order to provide some notion of the complexities of the mechanics of CETA-LEA collaboration and the size of achieving that on a grand scale. The conclusions are merely suggestive of the national picture, and might be regarded mainly as hypotheses for testing with further research or issues that ought to be considered in the process of policy formulation.

WHY MIX SCHOOL AND WORK?

One of the most important features of YEDPA is the provision reserving a minimum of 22 percent of each prime sponsor's allocation under the Youth Employment and Training Program to be administered under the terms of an agreement between the sponsor and local education agencies. The provision was included in the law in the hopes that it would provide an incentive for schools and CETA systems to work together. In the words of Senator Jacob Javits, a co-sponsor of the provision:

> ". . . competition between prime sponsors and local education agencies has been the rule, while cooperation has been the exception. There is a need to nudge these two competing systems closer together, so that the in-school labor force can be served in a more efficient and sensible manner."

Citing the Senate report on YEDPA, he added:

> "The Committee believes it is essential that cooperation take place between prime sponsors and local education agencies in providing employment opportunities and training and supportive services for youths enrolled in school. In the absence of such linkages, in-school youth may continue to be served by two separate and competing delivery systems which bifurcate their labor market experience at a critical stage of their transition between school and work."*

The Department of Labor willingly adopted as one of its objectives, the tying together of education and CETA, but expressed a tone of caution:

> ". . . /T/he mandate for a local education agency (LEA)-CETA agreement will not by itself achieve educational reform or a significant restructuring of service delivery systems in most cases. We see it as a way to make the education and manpower 'camps' sit down and talk together about their problems, programs, and aims in dealing with youth."**

Not willing to put all its eggs in one basket, the Department provided discretionary money to support a number of exemplary in-school youth job programs and stressed ties between sponsors and LEAs for the purpose of awarding academic credit under the Youth Community Conservation and Improvement Projects (YCCIP). The Youth Incentive Enement Pilot Projects (YIEPP), an experi- ntal initiative testing whether a guaran- d job encourages youths to stay in school uires, by virtue of its design, some degree cooperation between sponsors and schools. t cooperation under YCCIP is occurring erally where sponsors and schools were ady getting along. Under YIEPP, some ree of cooperation was necessary for spon- s to survive the stiff competition for the ited number of YIEPP grants. Further- re, less than 4 percent of all sponsorships awarded entitlement projects.

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*Congressional Record, Senate, July 21, 1977, p. S12556.

**Office of Youth Programs, U.S. Department of Labor, "A Planning Charter for the Youth Employment and Demonstration Projects Act of 1977," August 1977, pp. 7-8.

he first interesting question then is not ether schools and prime sponsors can work ether; there are always the exceptions to w they can. The question is, instead, can h cooperation be encouraged across all nerships, even where there is no history cooperation between schools and the man- er community? Or, more to the point, effective has the current 22 percent set- de under YETP been in encouraging local ools and CETA prime sponsors to work ether? A second question is, if other tegies are needed, what might they be?

IS 22 PERCENT ENOUGH?

he education establishment is, by reputa- n, a rigid and inflexible one that some ies say changes only slowly. But the last decades have demonstrated that public ols are not totally isolated from changes the rest of society, and that they can re- nd to policy emphases coming out of ashington as different societal needs have eared or as findings from research dis- ed better ways of accomplishing existing ls. In the post-Sputnik era, science and th instruction were upgraded in order to o put America's technological research development on a par with that of the iet Union; sex, drug and alcohol educa- , counseling and guidance services, and eer education have all been responses to re recent concerns.

nfortunately, the public schools, by and e, have not shown much predisposition participate in youth employment and ning despite more than 15 years of ex- tence with local programs. But at least t of the reluctance to change can be at- uted to the fact that the changes implied the calls for a greater education role in employment and training administration e not been coming from within the edu- on establishment, but from outside, fre- ntly as part of an explicit criticism of lic education. And while there are ample cedents for important changes in Ameri- public education, there are really no cedents for change as controversial as that odied in YETP being forced by agents side the education establishment.

valuations of the implementation of DPA nevertheless show that YEDPA is tributing to some change that appears essary, but is far from sufficient for long- ing and useful institutional change.

ETP in particular has succeeded in shift- the immediate focus of debate among l educators from the question of whether cation should play a deliberate role in en- cing the employability of youth, to what t role should be. This does not mean that cators have decided that employment and ning can mix with education. Local ed- tors are now engaged in initiatives that the mix, though. The implication is that n and if the first debate is resumed, it have more basis in experience than con- ure.

n the first year, there has been a record some success and really no instances of right failure among the 37 prime sponsors mined by the YEDPA implementation y sponsored by the National Council on ployment Policy.

operation between prime sponsors and l schools is not an untried concept, and in many areas, there is a history of joint efforts that predate CETA. There, YETP money is paying for work experience components added on to career awareness and skill training, and in some instances, is providing money for extra staff in the LEAs or for liaison staff between LEAs and prime sponsors.

Most prime sponsors, however, started with no established links. Before YEDPA they and the respective local schools operated in relative isolation in spite of their supposed common interest: preparing youths for adulthood. The effect of YEDPA in these areas is more noticeable and, hence, more dramatic. Virtually all prime sponsors succeeded in signing agreements with the local schools. But, many of the initial agreements were not thought through in the crisis climate of implementation, and reflected more the aspirations of some enlightened individuals (and the rhetoric of the Department of Labor) than feasible prospectives for action. The hasty, mid-semester start of the first year programs did not provide adequate opportunity for them to be properly implemented. The prevalent pattern for the second year of programs in the 1978-1979 school year was to simply continue the first year designs.

Even with a second year for extending programs under CETA-LEA agreements, local CETA sponsors and LEAs are almost certainly not going to be able to put in place the kind of quality of collaborative programs envisioned by the architects of YEDPA, because the process of getting the two systems to work together requires more than an orderly planning and implementation period. The process requires solutions to some fundamental problems that underlie attempts to collaboration, and time for local planners to find alternate routes around major barriers.

Pulling the systems together

The process of pulling together the education and employment and training institutions is occurring in two phases. The first is one of administrative detente and the second is substantive collaboration. In the familiarization process leading up to administrative detente, CETA sponsors have been trying to live down bad local histories of manpower-education relations or the more general problem of a bad CETA reputation, and then getting past the frictions caused by procedural differences between the two establishments. Thanks possibly to its separate authorizing legislation and the fact that considerable resources are earmarked for local schools, YEDPA was not perceived by most schools as another CETA program or add-on to pre-CETA youth programs. This was an achievement whose significance should not be underestimated since it appears that a large part of the objection some local educators have had to mixing manpower and education has really been the objection to working with the manpower establishment.

Procedural differences have contributed to more serious chronic friction. The fiscal year for CETA sponsors starts in October, while for schools it starts in September, January or July. This mismatch plus the accelerated, patchwork style of CETA planning which frequently is not complete until days before the start of the new year (or even after the start of the new year) have made it difficult for schools to engage in long-range strategic plans. Another point of friction encountered in planning for the 78-79 school year (but not encountered in 77-78 because of delayed startup) was uncertainty over funding levels and some doubt about whether changes made in the basic CETA legislation would also affect the youth programs. CETA-LEA collaboration in the first year of YEDPA also was hindered by its late mid-semester startup (January-March 1978). While these were one-time or only occasional problems, CETA's comparatively brief history has been riddled with periods of funding uncertainty, constantly shifting priorities, and changing regulations. The instability that this has built into the CETA system is not likely to be corrected overnight and is bound to present a chronic source of friction in CETA-LEA relations.

Another mismatch between local schools and CETA systems is in their networks of accountability. LEAs are accountable to local boards of education, [illegible] other local officials, and state education authorities. CETA sponsors are also accountable to local officials but usually not the same ones as schools, and the U.S. Department of Labor. The procedural difficulties caused by these two separate systems having to clear their actions with their respective authorities can cause delays and be a serious hindrance to a long-term stable relationship.

In the process of achieving administrative detente there has also been a number of differences between CETA systems and schools that can, perhaps, best be attributed to the two institutions being at different stages in the bureaucratic aging process. The education establishment is old compared to almost any other public institution and ancient compared to the CETA system. Career structures, administrative models, professional interests groups, and credentialing standards are firmly in place. Tradition and established procedures are resistant to major changes. In short there is an institutional identity and—more importantly—continuity. The CETA system is a stark contrast.

Manpower did not emerge as a governmental policy area until the early 1960s. The Manpower Administration in the U.S. Department of Labor, which has been the focal point for all federally supported manpower initiatives, was not established until 1963. It has been the only permanent fixture on the employment and training landscape in the relatively brief time since then (it did change its name to the Employment and Training Administration in 1975). The present network of CETA sponsors has been in place only since 1974. The hybrid manpower field has a fluid literature and lacks consensus on the most basic paradigms. Local expertise in employment and training affairs is more political and managerial than substantive because grantsmanship and outguessing Congress and the Department of Labor are prerequisites for survival. Substantive know-how is useful but not indispensable because so much of local policy is made in Washington.

The local CETA systems are also unstable organizationally. They have frequently attracted talented and capable administrators, but have been unable to retain them in the atmosphere of fiscal and programmatic uncertainty. The lack of opportunity to formulate local policy and the frustration of having to respond to the whims of Washington effectively reduce incentives for creativity and excellence. The consequent high staff turnover, besides complicating the challenge of day-to-day management virtually erases institutional memory. Though local institutions, CETA officers are entirely federally funded. They have fared will financially, but their reliance on federal money and chronic last minute uncertainties over their budgets have undermined their perceived staying power to the point that some local offices are seen as being perpetually on the brink of collapse.

The marked differences in the character of the LEA and CETA bureaucracies inevitably present sources of friction. While there are sufficient instances to demonstrate that CETA sponsors and LEAs can work together, in fact the bureaucratic differences create friction that can provide convenient pretexts for either partner breaking off collaberation. Since there are intuitively appealing reasons for the two systems to collaborate, however, the question is whether the substantive differences are sufficient to rule out joint efforts. If they are not, it seems that if there is a will to work together, there can be a way.

In the second stage of the process in which local schools and CETA sponsors begin working together—that of substantive collaboration—there appears to be less pervasive points of friction between the two systems. Some are based on misinformation. But to the extent others are based on attitudinal differences, they can pose systemic obstacles to complementary systems. Initially, a few educators voiced concern that CETA's emphasis on job placements would encourage that system to push youths out of school into jobs. In fact, the expressed purpose of the legislation is to encourage youths to stay in school and both the Department of Labor and local CETA administrators have taken steps to remove incentives that might entice youth to drop out. There have been no substantiated reports of students leaving school to take YEDPA jobs, and so that issue has subsided.

Targeting employability services by income has not subsided as an issue. Although CETA administrators, as a rule, are locked into restricting services to economically disadvantaged youths, school administrators object on substantive and political grounds. They do not believe family income is a reasonable predictor of need for employability services, and they are accountable to a constituency that is much broader than CETA sponsors' and therefore less tolerant of provisions that reserve services for only a few.

The emphasis on serving the dropout population now, as in the past, is another point of contention. The CETA system and its predecessors have traditionally served dropouts, blaming schools for failing to adequately serve kids who did not fit the normal mode. Some local educators are objecting to YEDPA now because programs are designed to "recycle" dropouts back into regular channels. One principal complained that ". . . the very ones that had been kicked out used CETA as a way to get back into the system." Most educators, though, do not appear adverse to making another try with dropouts. The controversy arises in the debate over what constitutes effective alternative educational systems for those persons.

The most heated CETA-LEA controversy has been over the award of academic credit for work experience or employability development training. Some local discussions have centered on the question of whether credit for employment-related experience devalues or deemphasizes credit for academic areas. In states where seniors must demonstrate basic competencies to graduate, teachers sometimes object to any school experience that detracts from preparation for those exams. There is also a question of whether local educators can make policy regarding the award of credit without specific state mandates on the subject. These debates have frequently, however, been used as smokescreens to conceal the real issue: the turf question of who decides what is credit-worthy experience; schools or CETA sponsors? Educators see the certification process as properly a school role. Employment and training personnel concede that it is appropriately a school responsibility, but then go on to criticize schools for being too reluctant to support activities involving credit and more to the point, unwilling to make an extra effort to establish education alternatives for YEDPA-eligible youth. In some areas where credit is awarded for work experience or career awareness training, observers note educators providing no more oversight than sponsors had proposed, but a share of the YEDPA pie has succeeded in buying their cooperation.

None of the problems encountered in the CETA-LEA relations is unanticipated, insuperable or irreconcilable. They may provide credible pretexts for inaction, however, where local sponsors or schools are not inclined to cooperate because they do not see the value in it or know how to do so.

It appears that the 22 percent set-aside under YETP has been effective in encouraging local schools and CETA prime sponsors to approach one another. A linkage between education and manpower has, to a degree, been formalized. But if the CETA-LEA linkages are to progress beyond "administrative ententes," there has to be more substance built into them. While the developemnts so far do not preclude that from happening—indeed a cooperative posture is a prerequisite to a truly productive relationship—the strategies for making it happen are not so apparent.

CETA-LEA activities may acquire substance over time, but the likelihood of it happening, the value of the content, and the pace at which it develops are still problematical. These uncertainties are inherent in any attempt to push together at the local level two establishments that have vastly different superstructures or administration, statutory authority, political constituencies, institutional history, program objectives, and client groups. The peculiar need is for a strategy to coax collaboration between a federal system of prime sponsors operating manpower programs for youth and a state/local system of schools providing education for youth.

The Department of Labor is able to steer local sponsor programming into conforming somewhat to the Department's objective of better CETA-LEA relations through its regulatory authority and power over the purse. DOL is also providing to sponsors a degree of technical assistance and information about how CETA-LEA agreements can be set up and what they might look like.

The Department, however, has no authority to push local schools alone, and very few options for pulling them along. The 22 percent set-aside under YETP is the only real incentive, but DOL alone is not equipped to develop the technical assistance or program models that educators need. Even if it were, the DOL-prime sponsor channel is hardly an effective conduit. Local educators are not inclined to take the word, advice, or assistance of employment and training experts without the imprimatur of and collateral input from the education establishment.

Senator Javits. Of course, we realize we have only met the tip of the iceberg with the provisions we wrote into the YEDPA legislation in 1977. The problems encountered by minorities and young women in breaking into the labor force, for example, will have to be dealt with more comprehensively.

Next year, the authority for the 22-percent set-aside and the other programs in title IV of CETA will expire, so these hearings are vital to help us plan our strategy for the reauthorization process.

I intend to introduce legislation early next year to build upon the YEDPA foundation, particularly with respect to: (1) Engaging the private sector of our economy with private voluntary intermediaries in meeting our schools halfway in the preparation of young people for careers; (2) providing greater incentives for schools and CETA prime sponsors to design joint programs for in-school youth; and (3) expanding the emphasis to be placed on job training and remedial education for out-of-school youth, particularly in cooperation with nonprofit intermediaries.

I am looking forward to having the benefit of the testimony of the experts who will appear before the committee today and tomorrow. Former Labor Secretary Willard Wirtz is here, a trailblazer in bringing about a greater understanding of the crucial process of the education/work transition.

Thank you, Mr. Chairman.

The Chairman. It is a great pleasure to introduce our first panelist, the founder and Chairman of the Board of the National Manpower Institute, Mr. Willard Wirtz, former Secretary of Labor.

Mr. Wirtz brings to these hearings a wealth of knowledge and experience. He will address the topic of labor market entry, the transition from school to work.

Secretary Wirtz will provide a look at the entrance of youth into the labor market.

I was thinking about you last week when the 15th anniversary of the Job Corps was celebrated. That has been and is—one of the most successful responses to the needs of youth, and certainly you were key in the Job Corps.

Senator Riegle has come in and certainly we welcome any comments before we turn to you, Secretary Wirtz.

Senator Riegle. I do have a statement. I will make it a part of the record at this point.

[Senator Riegle's prepared statement follows:]

Prepared Statement of Senator Donald W. Riegle, Jr.

Today's hearing is the third in a series of hearings being held by the Committee on "Perspectives for the Coming Decade," designed to consider the trends and Problems which will bear on Federal labor and human resources policy in the 1980's.

Our hearing today will focus on youth and the labor market.

Despite major commitments of Federal funds over the last decade to a variety of programs designed to enhance youth employment and training opportunities, youth unemployment remains disturbingly high. The average rates of teenage unemployment have grown from 11 percent in the 1950's, to 14 percent in the 1960's to 17 percent in the 1970's. In my own state of Michigan, teenage unemployment is projected to average 20 percent in fiscal year 1980, while unemployment among black teenagers is projected to average 45 percent.

The prospects immediately ahead are far from encouraging. The economy is in recession, a recession which may throw an additional one million workers out of jobs and which will severely constrict the ability of youthful entrants into the labor market to secure work. Federal fiscal policies, which aim to curb inflation by reducing our support for jobs and related programs, will exacerbate an already very serious problem. Disadvantaged youth living in central cities face especially severe barriers to employment, for they must compete for work in labor markets which are characterized by an exodus of unskilled and semi-skilled jobs in both manufacturing and retail trades.

Although this picture is distressing, I do not mean to suggest that our present youth employment and training programs have failed to make a mark. On the contrary, I believe that they have made a significant difference for thousands of young Americans. Over the next two years, this Committee must reauthorize many of the Federal programs targeted to this group of youth, including Vocational Education, Youth Employment and Training programs, and Higher Education. The hearings being held today are designed to provide us with a better understanding of the nature and underlying causes of youth unemployment, the difficulties in the transition from school to work, and to assist us in fashioning more effective Federal policies for youth employment. [End of opening statement.]

Senator RIEGLE. I wanted to welcome such a distinguished initial witness, and I am anxious to hear from him.

STATEMENT OF WILLARD WIRTZ, CHAIRMAN, BOARD OF DIRECTORS, NATIONAL MANPOWER INSTITUTE, ACCOMPANIED BY PAUL BARTON, JR., VICE PRESIDENT, NATIONAL MANPOWER INSTITUTE

Mr. WIRTZ. Mr. Chairman and members of the committee, I have with me this morning Paul Barton, vice president for planning and policy development, National Manpower Institute.

If there is any basis for your suggestion, Mr. Chairman, about my wealth of experience, Mr. Barton embodies a good deal of it. I will ask, if it is agreeable, that my statement be made a part of the record, and I will then summarize it quite briefly so we can get on to any questions you may have.

The CHAIRMAN. Excellent.

Mr. WIRTZ. You have asked me to suggest a general framework for consideration of issues regarding the education and employment of youth; and I will try to speak in that general area, rather than to take up factual details or particular legislative proposals.

I suggest a three-point framework for our thinking about these problems. One has already been clearly suggested; it involves the suggestion that we be careful about talking about this as simply a youth unemployment problem, and that we broaden our consideration out to recognizing it, if we need a general phrase, as the "transitional" problem.

There are at least four elements in this transitional situation: education, employment, training, and service. We often approach it too narrowly as a youth unemployment problems—largely because of the ready availability, Senator Schweiker, of those statistics to which you referred.

In this country, we measure unemployment in the same way we measured it in 1941. That measure has never covered the youth situation responsibly. To call it an unemployment problem is to imply that we are going to find the answer in simply more jobs. It is a good deal more complicated than that.

The second point in a proper framework for consideration, involves recognizing that there are really two very different problems here.

One involves a very large number of young people. But this passage for them, although it is complicated, is not all that hard or all that difficult.

Then there is another group for which it presents very real problems. I am simply referring to the obvious when I refer to the necessity of balancing here our thoughtfulness with respect to the youth segment as a whole; and our particular interest in what we have come to call the disadvantaged part of that segment. I think the political implications are very real in pragmatic terms. If we suggest a dichotomy between disadvantaged youth on the one hand and youth in general on the other, I think we run into very strong, very real political difficulties. It seems to me that to attach priority to either of these two problems is probably a mistake.

The third element in a framework of approach to this situation, and the one in which I confess the largest personal interest, involves getting responsibility identified just as fully as possible at the local community level This is not to suggest any lessening importance of the Federal programs. I do not believe, though, that the youth unemployment problem is going to be solved at the national level. I think it is going to be solved at the local community level, with of course necessary reliance on a substantial Federal support element. I find the answer to most of these problems seemingly dependent on the development of collaborative processes at the local community level. We are all struggling with this problem of how we decentralize authority so that a large number of people can participate at the local community level in its discharge.

So very briefly, I suggest approaching these problems in terms of recognition of their involving a good deal more than unemployment problems; in terms of there really being two problems, one involving the disadvantaged, the other the youth population as a whole; and, third, as being dependent for solution, on the development of collaborative processes at the local community level.

I realize that those three suggestions, although they may satisfy the terms of the assignment, are so vague that they do not have much meaning without suggesting at least a few more specific possibilities. I would like to refer to just two or three of those, as I do in the statement.

I rather expect that as far as this disadvantaged youth problem is concerned, we are going to move increasingly toward a one-with-one kind of approach. I question, frankly, Mr. Chairman, and members of the committee, the extent to which it will ever be possible for a Federal program to be worked down to meet the variety of needs that arise as far as the disadvantaged youth are concerned. I suggest as an alternative to that that it is probably time that we start thinking from the individuals involved, from the people rather than from the programs, and that we try to move at a local community level toward what becomes almost a one-with-one relationship with the hard-core disadvantaged youth.

Their number, although it is large in national terms, is in most communities in this country sufficiently small that we would be justified in approaching it on a name and address basis, identifying the individuals who need this kind of help in setting up some kind of one-with-one program to approach it.

Point No. 2 involves what seems to me the increasing recognition of a fairly large-scale commitment which we are in the process of making. I think we are coming very close in this country to an acceptance of the fact that there is a community responsibility to be discharged with respect to all youth between the ages of 16 and 20. We have historically relied on compulsory education to the age of 16. We have assumed employment will pick up fairly fast after that. It does not. It seems to me that we are in our various proposals; we are coming very close to a concept of recognized community responsibility for all young people between the ages of 16 and 20.

I am not, however, suggesting that a law be passed guaranteeing support to that group. Quite the contrary. The alternative possibility is of what might be called a community youth compact—with commitments running both ways. This might well start with an undertaking within a local community, perhaps a community education work council or industry education labor council, to provide a new form of counseling and guidance, community based rather than high school based, to every young person who might ask for that kind of assistance.

Second, that group might advisedly identify in the clearest possible terms the opportunity situation in the particular community. We have a lot of national data of one kind or another. We do not know what the situation is in most particular communities. We do not know, for example, how many private service sector jobs there are available for youth in this country, and there are quite a few of them except in the central cities.

So it would be possible to develop a local community opportunity inventory in which there would be included not only available work opportunities, but training opportunities, educational opportunities of one kind or another.

Part of the difficulty as far as this youth transitional problem is concerned involves what we have come to call deadend jobs. I think we are making a real mistake in letting so much of what is available become identified as a deadend job. I am talking about jobs in the private service sector. Take the fast-food industry as an illustration. There are an extraordinary number of vacancies in those private service sector industries which could be better used, but we have attached a stigma to them.

To make the point perhaps more personally than is warranted, as I look back through a very now long telescope at my own transitional period, everything I did during that period was a deadend job. I mean, mowing lawns, working in a canning factory, and so on and so forth. Some of the things I have done since have been deadend jobs, too.

So it would seem to be very important in developing this community youth compact that we take that kind of opportunity into account. They are deadend jobs until we pay attention to the transition from those jobs to something else. That is a terribly important point.

If we were to take an approach of this kind, it would seem to be fair to ask of young people, turning the old phrase a little bit, a fair day's performance for a fair day's opportunity.

Without going into further detail about it, I am simply trying to suggest that I think there is the opportunity now at the local community level to develop a working relationship, a compact relationship between community and the youth which involves obligations running both ways and which might carry us very far toward where we want to go.

The committee will be looking into the question of whether young people are getting today the education that they need to move easily into employment. No; I do not suppose they are.

I suspect the most important vocational education course in this country is the course in writing or the courses in communication; and that the breakdown, as far as that training system is concerned, contributes very substantially here.

As another specific element, it seems to me that we are quite close now to the recommendation that there will probably be some kind of youth service program in this country. We have been talking about jobs; we have been talking about education, some about training; but we have been talking very little about service. My guess is it will not be possible for us to meet this transitional problem without development of fairly substantial youth service components. I would look forward to that. There is a good deal of basis for believing that a good many of these young people will be very much interested in that kind of opportunity. There are obvious questions that develop.

Obvious questions arise, particularly as to whether a youth service program ought to be mandatory or not. I guess logically it ought to be mandatory. Practically, I know it has got to be voluntary. We have to make it very clear it is to be a voluntary service program.

I will emphasize only one other point. It comes back to this critical question of the development of collaborative process at the local community level. Under the current legislation, there is the emphasis on the PIC's and there is exploration of the ways you go about getting cooperation at the local community level between the various segments there.

I express a personal feeling in saying that it seems to me that PIC program emphasizes the employer's role too much and the roles of the other community segments too little, and particularly the education segment, community-based organizations and the labor unions. It does seem to me that we ought to broaden out that responsibility. I would hope there are additional ways of providing, by Federal legislation, so a local community can make up its own mind about how it wants to approach its youth problem. I would hope it is possible to go still further than we have in saying to a local community: "This is where this youth problem has arisen. It is where it is going to be resolved. Here is the maximum support we can provide through Federal agencies. Now, work out your own program."

I would like to see the responsibility for this program clearly identified at the local community level.

I should say just one thing in closing that is not referred to in the statement.

There will be reference, I am sure, in the session which follows this one, to the possibility that the answer to this youth unemployment problem is going to emerge from the demographics of the situation; that we are currently experiencing the effects of the postwar baby boom moving through this stage, and that that will pass.

I have seen suggestions within the week that we may have a manpower shortage as far as entry-level jobs are concerned by 1985. In my personal view, this prospect is greatly exaggerated. Competition for youth jobs is going to be increasing. They face competition from women coming into the market, some older workers staying in longer. This matter of illegal aliens has reached proportions where we cannot disregard it. It seems to me there is increasing competition and that we will have to anticipate a continuation of that situation.

That concludes my statement, Mr. Chairman and members of the committee.

Thank you.

The CHAIRMAN. Thank you.

Your statement will be a guide for our thought for a considerable time.

Mr. WIRTZ. May I add one other point that I forgot in my summary.

I would hope very much, Mr. Chairman, that there will be attention to the possibility that this particular period when we seem to be entering a recession, with rising unemployment, be recognized as providing a superior opportunity for training programs of one kind or another. We have not approached in this country the so-called countercyclical education and training program or policy which has been developed substantially in Europe. My point—making it very briefly—is that as we enter this period, there is all the more reason to be talking about education and training as countercyclical opportunities. The point seems to me worth serious consideration.

The CHAIRMAN. I agree with you.

As you started to say that, I recall observing in Europe just that, industry in decline; one of the elements of income support is training.

I wonder if I could get a little amplification for a greater appreciation of your feeling about dead end jobs. I have used that expression many times myself.

I recall I used it at times when we were debating proposals for a subminimum wage for youth. It impressed me allowing a subminimum wage for youth would insure a dead end—it would insure that at the end of the period of time that the subminimum wage was available, that the youth would be out of a job and another youth eligible for the subminimum wage would come in. That is the context I have used frequently in regard to dead end jobs for young people.

I wonder if you could just amplify your meaning in regard to dead-end jobs.

Mr. WIRTZ. First, on the particular point about exemption to the minimum wage.

I would just be flat, dogmatic, categorical—I am opposed to a youth exemption or differential to the minimum wage, for several reasons. One of them is I have never seen a suggestion along those lines that did not include the possibility of increased adult unemployment. I have not said it very well; but I believe the effects of a youth exemption to the minimum wage would be to take Peter's job and give it to Paul's son or daughter. That in itself is enough to present real difficulties. I am opposed to the exemption in the minimum wage.

On your broader point, if we let them be deadend jobs, if we do not make any arrangements for the transition from those jobs to something else, we are making a great mistake. They are not dead end by their nature; they have a real training potential.

Another point on this, I believe one reason we are having so much trouble getting the country concerned about youth unemployment is that hardly anybody can get his lawn cut or get her windows washed. Those problems are middle-class headaches in this country. People just do not believe there is a serious youth unemployment problem when they cannot get this help.

So as long as there is that feeling, we are going to have a hard time getting this country very concerned about a youth unemployment problem.

Beyond that, Mr. Chairman, the only constructive element I offer in answer to your question was covered too quickly in passing reference to my statement. We have got to start giving attention to the transition from those jobs to something else.

It does seem to me that if a young person drops out of school at, say, 17, it makes all kinds of sense to do some of this kind of work, which is available, but we ought to have a place where that youngster can then go and say, OK, I have served my apprenticeship with this community as far as work is concerned; now how about at least giving me some guidance toward something else. I would like to neutralize the dead-end concept by making a transition from those jobs to something else. I think that does become almost a community responsibility.

The **Chairman**. Is there any organized way to encourage communities to form any kind of association that would reach out and identify young people that need some direction, particularly the young people who are at that point where they are seeking their first job? Do you have any models that you can think of at the community level where those people that can be helpful in the process have organized their efforts to help youth enter the labor force.

Mr. **Wirtz**. Yes. My answer to that question would lead to a reference to a group of communities with which the Manpower Institute has been working now for 3 years. It is the National Manpower Institute, the American Association of Community and Junior Colleges, and NAB; and we have been working with 33 communities. That effort is being expanded along somewhat different lines. We have what we call a work-education consortium, and it includes a good many of these communities.

We have identified those particular communities in which different kinds of initiatives, along the lines I am talking about, have been taken, so we can point to particular communities. Just for example, in one of these communities, once every two or three weeks, representatives of the various agencies in that community sit down around the table and take the names and addresses of the particular young people who are facing problems of the kind we are talking about, and at that time, they identify responsibility for following up that individual.

Now, on the occupational information, I mean where these jobs are, so on and so forth, there is another set of communities which have done a quite good job with that. There are a number of others in which they are just starting.

I became familiar only recently with the work of the Occupational Information Coordinating Committees which are being set up in various cities around the country. I was in Providence 2 weeks ago, they are moving there through the OICC and Providence Industry Education Council to do precisely the kind of thing you asked about. We could give you quite a list of these education work committees and the industry education labor committees around the country and we could also identify for you those particular communities in which they have gone furthest toward identifying opportunities, youth opportunities.

Just one other element.

Your question also gets us into the counseling and guidance area.

In my own judgment, that is the least developed of all of the specific areas in this whole situation.

In a good many of these consortium communities they are working now on the development of counseling and guidance groups, which include not only the high school counselor, but also representatives from industry and the unions in that community, so that if a youngster wants it, he or she can get, in addition to the help that is available in the high school, advice from the community about what it has to offer.

I add only one other thing, in answer to your question, we are working in the Manpower Institute now with representatives of the fast food service industry with exactly that thought in mind. We would like to work with them, and they would like to work with us, to see what can be done about making these so-called dead end opportunities more meaningful.

The Chairman. I want to turn to Senator Schweiker. Before that I would like to just make an observation. It seems to me the problems we face here as we talk about young people in their transition, are problems that can be worked on through gatherings of those who have been historically not sitting together, not necessarily in opposition, but not certainly historically in cooperation.

I was thinking of this at the 15th anniversary of the Jobs Corps last week, when the homebuilders sponsored an event. As I walked through the door, I was greeted by a number of people who are leaders of building trades unions. I had not been aware of it, but I found out there is a consortium between the Job Corps and the homebuilders in the construction trades. I was a little surprised because residential homebuilding, is not a highly unionized part of our industry, but they had been wise enough to get together for training. The union people were wise enough to know that even though they are not going to receive a great deal of new membership out of this cooperation, they are going to contribute to the training of young people entering the building trades.

Mr. Wirtz. Portland, Oreg., would be a specific illustration, in answer to your previous question, incorporating this last remark, where they have done something like that. If you go to Portland, they will take you—they being one of these community councils—they will take you to houses which are being renovated there under the aegis of this council. The kids working there are in high school, and they are being trained by union members. They are renovating these houses. You have got to believe, or I do, and so do you, believe that if we would exercise some ingenuity in identifying those things in the community which need to be done, and then organize this collaborative or this working partnership to which you refer, we could do quite a lot to that bad rate.

The CHAIRMAN. Senator Schweiker?

Senator SCHWEIKER. Thank you, Mr. Chairman.

Mr. Secretary, I would just like to explore a little bit your transitional concept. I find your analyses very interesting, and wonder how you structurally see that problem in a little more detail.

Mr. WIRTZ. Perhaps it will illuminate the point and the difficulty, in response to your question, to refer to what seems to be the sharpest single analysis of this problem. James Coleman has said some place, I have forgotten now where, that in the capitalistic economy there is no natural place for a stage in between full dependence, which means school, and full independence which means work.

When you think about it, we are organized on both sides, but we are not organized to cover that middle period. On that basis, and in answer to your question, really the most specific assignment of these community education work councils is to pick up kids during this transition period, and to try to work out combination arrangements for them.

I am not sure I catch your question. But to the extent I do, we find the only answer to be, not the only answer, but we find the critical answer to involve the establishment of a new institution at the local community level. We do not believe it will be done effectively relying upon the present institutions alone, and so we are trying to identify these education work councils. They have, incidentally, no authority. Most of them have no funds. They rely very largely on volunteer efforts of one kind or another. This particular group of communities does have, or has had, some $30,000 or $40,000 of Federal money coming through the Department of Labor to establish a central secretariat.

In answer to your question, I think it requires some new institutional, or at least procedural forums, acting not with authority, except the authority or influence of persuasion, but bringing together the schools and employers, the unions and the community organizations.

I am not sure I caught your question, Senator.

Senator SCHWEIKER. I think in general you did. I have a couple more specifics. You say it should be community-based and not high school based. Does that mean we are not doing what we ought to be doing in high schools? Maybe we ought to be looking at what we are doing in high schools.

Mr. WIRTZ. I think we are not doing what we ought to be doing in high schools. We are not going to be able to do what needs to be done through the high schools alone. I do not mean to appear soft on the responsibilites of the high school.

I think as a consequence of what happened in the sixties, with rapidly increased retention rates, there has been a decline in the quality of secondary education. So that I do not mean to soften that piece of the answer at all. I do not think there is any excuse for kids coming out not knowing how to write, and so forth. I do not believe that the schools can possibly do themselves what is going to have to be done to administer, in effect, this transition period.

Senator SCHWEIKER. This so-called community youth compact, is that modeled after your community education work council?

Mr. WIRTZ. No. I am trying that on this morning for the first time for size, and I find the basis for making that suggestion in what I see emerging in a whole variety of suggestions. I cannot point to anything in specific experience in which to base that suggestion. I think if you sit back and look at the pattern of legislation presently in the congressional hopper, you come to the conclusion that we are moving very close in this country to a recognition of that responsibility.

Senator SCHWEIKER. You refer on page 9 to local community education work councils. How would that differ from the concept you are arguing for here?

Mr. WIRTZ. I would expect such a council to be a possible administrative agency for that compact.

Senator SCHWEIKER. And who would serve on these?

Mr. WIRTZ. We have said to the local community, do it your way, and we have insisted only on representation from various segments. The pattern evolves almost consistently as being one in which there will be businessmen, educators, and representatives of community-based organizations.

We have done everything we can to assure union participation yet except in a few communities—in Livonia, Mich., Johnstown, N.Y., Erie, Pa., and Wheeling to a lesser extent—we have not had much luck in getting labor people to be active on this.

On Livonia, Mich., it is the labor people who have taken the lead. It works out the leadership is more likely to come from representatives on that council of the educational system than it is any place else. If there is a community college in that community, almost invariably the community college representatives become leaders in this particular thing.

So that in answer to your question, it becomes usually a group of about 20 or 25 primarily producing participation by educators and employers, lesser participation by community organizations, women's organizations playing a very substantial part, and lesser participation by union representatives.

Senator SCHWEIKER. The one area where I would have some honest disagreement with you, and I pretty well agree with all your analyses and your suggestions, I found them very constructive, is the idea of a national youth service program. I led the fight to end the draft in the House, and it took us 10 years to do that. I realize you were very careful to say it would be voluntary and not mandatory. I acknowledge that.

It just seems to me with the experience we have had in public service jobs, which obviously, not initially directed toward you, and problems we had there, where I feel although well intended, missed an awful lot of the real problems in terms of placing people in the jobs in the private sector, I just wonder if we are not setting the youth aside for 2 more years and bring them back again. It seems to me that is the lesson we learned before, and has not worked.

I agree with your decentralization concept, and your analysis for the transitional problems. I think it is very good. I have trouble going back to the national service program, because I think that is where we made our mistake before, in some form or another.

Mr. WIRTZ. I recognize and respect the point, and would not argue with it, except to be sure that I have made clear one element in my own thinking, and that is this ought to be a local community-based service program. I am sure there are some situations where the right answer is for a young person to go off to the Job Corps at Breckenridge, or some place of that kind. That makes all kinds of sense.

But for the reasons to which you refer, it seems to that the youth service program in the future ought to be essentially local community-based. There have been some very interesting specific identifications, especially in the study about a year ago, AIR and the Urban Institute for the Department of Labor put together, listing the needs, especially at the local community level, for identified services. One that occurs to me offhand envolves the shortages of child care services, in every community.

It seems to me that adequate child care is a key to a good many other things; women coming into the workforce, for example, and adult education. I can envisage, given the concerns that you feel, a mobilization of local young people around such needs as child care service.

Senator SCHWEIKER. Would the concept you espouse be something they do for a year or so, and then go on to something else, or would there be some integration of it into a permanent situation? It seems to me that is a critical aspect of it, too.

Mr. WIRTZ. If there is anything in what I was talking about, it hinges on the establishing by the community of a relationship between itself and an individual youngster with provision for continuing counseling and guidance. So I can see this thing working in terms of a young person coming into the education work council, whatever you want to call it, sitting down and working out a program that. The first effort would be to find out whether the young person ought to be spending more time in school. We do not assume the answer is always yes. Then an effort would be made to work out a combination of some work, some service, some training. The understanding would be there by another session four months from now, and then 4 months after that.

I think that unless we establish that feature, call it counseling and guidance, call it community youth relationship there would be very little difference from things that I have said a lot of times before. That is a critical point.

Senator SCHWEIKER. Thank you.

The CHAIRMAN. Secretary Wirtz testimony has given me an idea, not fully thought through: We have, from time to time, been part of processes in the Congress directing attention through legislation such as Humphrey-Hawkins to the business community and the private sector and the relationship to employment and job creation. Our committee has never, as a legislative organization, joined with committees whose responsibilities run primarily to business as ours run, in such good measure to the workforce and labor. I am wondering if you would think about this in terms of our trying to find stimulants to this collaboration at the Federal level as well as at the community level. Business, labor, and Government and tying in the natural ally, education, could break the mold of unilateral actions and begin to work cooperatively. I believe it is worth thinking about.

Mr. WIRTZ. I do not offer a pat answer, because we have been thinking about it, and we were talking about it just before this session. There is a great potential there, and I do not know the answers to it. I think I get your point, and it involves the working out of new relationships between the public and the private government, at both the local and the national level. We are becoming a more and more pluralistic government, so that the private sectors are more and more recognizing responsibility.

Let me repeat what I understand to be your point, to be sure I understand it. You are suggesting the need, if I understand it, for the development of new forms of relationship between public government and private government, is that not right?

The CHAIRMAN. Yes. If we could generate any stimulant from our national Congress to the community, directed toward the cooperation of business, labor, education and community organizations I think we might accelerate acceptance of such cooperation by our committee being associated with another committee known to be business oriented—the Commerce Committee, for example. A joint effort here might lead the way to joint efforts in the community.

Mr. WIRTZ. Sure.

The CHAIRMAN. We are the committee that has been perceived to have made life rather difficult for business, with our demands on pensions, our demands on safety and health. Labor initiatives directed to the Labor Department, often meet early resistance here, and it takes a year or two or more to prove the effort is a balanced effort. OSHA, for example, is only now becoming accepted and worked with positively by the business community. But it took a long time, and the same with other things that I can think of.

Mr. WIRTZ. I did miss the point. First, we need very much some kind of collaboration at the governmental level between the two sets of institutions. I think we also need some form of working relationship between the public agencies and the private sector agencies. That is all part of the same thing.

The CHAIRMAN. Exactly.

Mr. WIRTZ. I get to thinking that as long as we stay on programs, without developing collaborative processes, we are not going to have the delivery system for those programs.

The CHAIRMAN. That is the whole point. We look forward to our continuing, constructive and most friendly relationship with Willard Wirtz and Paul Barton.

Did you want to clarify anything Paul?

Mr. BARTON. No, thank you, Mr. Chairman.

Mr. WIRTZ. I mentioned just in passing this matter of countercyclical education and training. We think there is a good deal in that, and the time for it is right now. If it is all right, I would like to add to the record a paper that Mr. Barton has just developed, the next step in managing recessions, on countercyclical education and training, I think it is worth very serious consideration.

The CHAIRMAN. I appreciate that. Can we have that for our records?

Mr. WIRTZ. Yes.

The CHAIRMAN. I look forward to further discussions and input from you on how we can make governmental and educational institutions more effective in youth training programs.

Mr. WIRTZ. Also, I would like to include the item to which I referred, it is a very brief summary of what is happening as far as these education work councils and the consortium are concerned. I will offer that too.

The CHAIRMAN. That will be welcome for our record. Thank you.

[The prepared statement of Mr. Wirtz and additional information referred to follow:]

Testimony of Willard Wirtz
National Manpower Institute

Before the Senate Committee on Labor and Human Resources
October 23, 1979

Mr. Chairman and Members of the Committee:

You have asked me to suggest "a general framework for consideration of issues regarding the education and employment of youth" during the decade of the 1980s. The breadth of the subject invites either a long and detailed or a short and summary treatment. The circumstances commend the latter.

Other witnesses scheduled to testify have been assigned the development of the demographic data regarding youth's prospects in the market place, so I won't go into this important (though sometimes over-emphasized) aspect of the matter. The assumption underlying what follows here is that, given a continuation of present policies and practices and using traditional measurements, about one out of every five young people between the ages of 16 and 21 who seek employment at any given time won't find it; and that this figure will be three or four out of five in the central areas of the larger cities. This is a terribly serious business.

But serious as it is, our thinking and planning and policy development regarding the "youth unemployment problem" has followed for the past fifteen years what has become a relatively fixed pattern, in terms of basic approaches, although since 1977 we have considerably enlarged the resources devoted to these approaches. It is perhaps only a personal judgement, probably biased, that the efforts made during this perio[illegible]ave been more successful than they are generally credited with being, at least by the measure of what would have happened if nothing--or less--had been done. They clearly aren't sufficient, at least in their present form. There seems to me good sense, and reasonable basis for expecting significant improvement, in reviewing some of what has become conventional wisdom about this subject and in trying to change our emphases and approaches within the general perimeters of present policy or at least present federal budgetary allocations. This may involve more drastic proposed revision, even perhaps more heresy, than the form of the suggestion seems to imply.

I suggest starting, for example, from the proposition that by calling the problem we face here "the youth unemployment problem," by measuring it with the instruments we use for adult unemployment, and by thinking about it in terms of traditional answers to unemployment in general, we miss the real youth transitional problem and don't begin to get to what are probably going to be the fuller answers to it. I would identify it instead, recognizing the awkwardness involved, as the youth education/training/work/service problem--or just the youth transitional problem.

A second and related proposition is that by whatever name we call it, there are two distinctly different situations here. One involves, as nearly as I can tell and suggest, about 75 or 80 percent of American youth--of whom perhaps about half have no real problem at all, while the other half face difficulties that involve what are essentially problems of adjustment of one kind or another. The other problem involves the 20 or 25 percent of young people in this country who, usually as a consequence of their families' socio-economic status and in many (but not all) cases because of their growing up in the decaying centers of American cities, face an exceedingly bleak five or ten years after they leave school--and the likely prospect of that bleakness becoming a lifetime sentence.

It is imperative that we separate these two problems out from each other. They have entirely different roots and require totally different treatment. The first involves the whole structure of our system for moving from school to work and the second a very large remedial problem with a complex of causes that include but go far beyond racial and ethnic discrimination. At the risk of being misunderstood, I think it is a mistake to attach priorities to the two problems; both are serious, and in practical political terms emphasizing either of them to the exclusion of the other is likely to mean that neither will attract the support of a working majority.

A third, and again final, proposition is that the now clearly accepted idea of "decentralizing" the youth program--described in terms of "unemployment"--has not actually been carried out to an extent required to serve its sound, underlying principle. What has been done is to shift quite a bit of authority from federal bureaucracies (of which I speak as an alumnus) to their state and local counterparts. The critical remaining step that has to be taken is to move this decentralization on to a much broader group of responsible participants at the local community level. The real point of decentralization is to permit actual participation in the affairs of the society by literally millions of Americans who have become fed up with representation alone. There is real question, so far, whether those representatives--federal, state, and local--are ready to let go; and there are real problems about developing the new procedures and institutions that this will require.

So my "framework," Mr. Chairman and members of the Committee, involves three not very analytical assumptions:

* that there is a serious youth problem in this country
today

* our policy toward it has settled into a somewhat fixed
pattern that is not likely to attract much larger
Federal budgetary support, so

* that it is essential to try to develop some major
reemphases and shifts in present policy;

and three in no way profound propositions:

- that we should stop thinking about the youth transitional problem within the constraints that come from calling it, and measuring it, as only a youth "unemployment" problem,
- that we must recognize two entirely different situations here, both of them serious, and
- that the most critical single key to this situation lies in the development of processes to put effective responsibility for it in the hands of a large number of people at the local community level.

* * * *

This "framework" is so general as to be virtually meaningless. Let me therefore mention briefly just enough specifics to provide a better basis for whatever questions you may have.

First, about the separating out of what it has been suggested here are two distinctly different situations: the more general one and then the situation involving what we have come to call, with unfortunate imprecision, "disadvantaged" youth.

The reason for referring to this first is that anything proposed as an approach to the youth situation in general is going to encounter the reaction that it won't work in Harlem or Watts or on Chicago's south-side. And that's right. Most of the general proposals made won't work, either, with respect to the relatively much smaller number of "hard-core disadvantaged youth" in almost every community in the country.

I wish greatly that I could make with any confidence or complete conviction some new or different suggestion for approaching this hard-core problem. I do think there is promise in some of the very recent attempts under CETA, such as the Private Industry Councils, the requirements that the local schools and the

CETA prime sponsors work out a joint effort, and in the enlargement of conservation work type activities. But at the same time we create ever larger programs in ever larger bureaucracies, we are going to have to go after those youth who are always falling between the cracks that open under these programs.

This is not a matter so much of a new law or a public guarantee, for I am talking more about what we do as members of the community than of what we delegate to representative bodies. It might best be called a Youth/Community Compact with commitments to make a best effort running both ways.

The Compact between a community and its youth would aim to give youth who can't or don't go on to college something comparable to the opportunity that is provided those who can and do. The community, operating through some organized community force such as an education-work council, would work with _individual_ youth on a case-by-case basis. It wouldn't be just the creation of program slots to recruit youth into. Instead the community would find out what Sam Jones or Shirley Smith need, what they have tried that didn't work, and what they want to do.

And they wouldn't be shoved in one direction and their file closed. The community would stick with a case until it was successfully resolved, for weeks, or months, or even years.

This means personalized counseling and guidance. It means developing a careful Community Youth Opportunity Inventory--and of _all_ opportunities including service and training and education as well as jobs. An operating principle would be to avoid encouraging anyone's leaving school with the effort in the other direction, as it is in the present entitlement experiments in several of our large cities.

If the community is really making its best effort and sticking to the problem until it is solved, then we will be able to speak about the youth side of the compact. When the community is taking each young person seriously, then we can expect the youth, turning the old phrase just a little, to give a fair day's performance for a fair day's opportunity.

We would take advantage of the presently unused opportunities that exist in most communities, but recognize the necessity of supplementing those in decayed inner cities to whatever extent necessary to make good on the community's side of the bargain. The difference would be in a flexibility which would let a community make the best match between the youth and the opportunities. And we would recognize the necessity of a considerable volunteer supplemental effort... of individuals and organizations. It has to be broadly collaborative, and reaching far beyond City Hall. I mean corporation presidents, union leaders, foremen, small businesses, plumbers, teachers, parents, aunts and uncles, ministers, doctors, ...and on and on.

We have to start getting names and addresses instead of just statistics. And the neighbor, the corner grocer, and the retired lawyer have to become part of the support network as well as the elected official.

Yet this personalized kind of approach clearly won't suffice to meet the problem in the center of those five to ten cities. Neither will an approach based on any assumption that private employment can be made available in sufficient measure. There just aren't jobs in those areas. It seems insufficient to say that more education has to be a large part of the answer but we know that it is. We need to expand productive roles though so youth know there _is_ something at the end of the line when they do finish school. I think we need to take some new initiatives, and some that have risks of failure attached. I mean more efforts at creating youth enterprises for example.

There are public service areas where more inner-city youth, in small groups, and perhaps more on a neighborhood basis, could be given more responsibility. We have to give youth more responsibility if we expect them to learn to act responsibly, and we need opportunities and situations which give leadership ability a chance to develop and emerge. Since I have nothing better to suggest as far as emergency measures are concerned than what is already being attempted through the Job Corps and similar type programs, and no long-range answers except better education, there is no point in taking up the Committee's time on this particular point.

It also seems to me fair to add, though, that the seeming intransigence of this problem in the large inner city is not sufficient reason for paying any less attention to the more general one of inadequacies in the transition system for youth not going on to college.

I have already made it clear that one step which seems important with respect to the broader problem is the development of different and more sensitive measurements of the situation of individuals in the 16-to-21-year age group. We do in this country what we measure, and the burying of the measurements of youth's condition under the surveying and analysis that goes into preparing the BLS economic indicator does us serious disservice. In the interests of time and with apologies, I refer the Committee to a report on which I collaborated several years ago with Harold Goldstein, and in which this possibility is spelled out.*

On another point, it seems increasingly important to recognize much more fully than we have so far the implications of the diminishing, at least sharply changing, opportunities for youth in traditional private employment. The facts that supported the original JOBS (National Alliance of Businessmen) program have changed. We haven't taken account of the fact that most youth jobs now are in the private service, rather than the manufacturing, area; or of the increasing availability of youth jobs in small, rather than large, establishments. Our attitudes toward "dead end" jobs get in the way, today, of youth employment; and those attitudes need re-examination in light of the reality of this large expansion of "youth jobs" in the service sector. If we use the wrong labels here, we are going to fuel an attitude of young people looking more for jobs than for work.

The Committee will be looking into the question of whether young people are getting today the education they need to move easily into employment. I would argue, if there were time for it here, that they are not. The perhaps unorthodox line that arguement would take is suggested, though, by noting the personal view that the largest lack in their "vocational" education is their not learning how to write.

On a different front, it seems to me only a matter of time now, although the immediately current climate appears a little discouraging, until we find in this country our own effective form of a "youth service" (meaning public service) program. Almost certainly within the decade the Committee is looking at, it will probably become the common practice for young people (and many who are older) to spend one or two years in some fairly well formalized service program. Answers will gradually be worked out so far as the currently controverted issues are concerned: whether such a system should be mandatory (which I think it should not be), whether currently projected high costs can be substantially reduced (as I think they can be), and how such a program can be sufficiently decentralized.

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*A Critical Look at the Measuring of Work, Willard Wirtz and Harold Goldstein, National Manpower Institute, 1975.

This brings me back in conclusion, Mr. Chairman, to the broader form of this decentralization point. I find the largest encouragement for the future, so far as this matter of youth policy is concerned, in the signs of increased local community initiative--involving both the public and the private sector - and of federal legislative and executive response to these local initiatives. The strongest force at work in this policy and program area today is probably the force of pluralism, and the most effective course will be to strengthen this force in every possible way.

Both good government and good politics command recognizing that youth unemployment is not going to be cured by action at the federal level, and that the development of a broader youth transition program--probably including a combination of the elements of education, training, work, and service--is an essentially local community responsibility. This isn't to suggest the elimination of the federal and state roles, but rather, to urge a substantial enlargement of the local community role, exercised through new forms of collaboration between schools, employers, unions, local government, and various kinds of local service organizations.

For three years now, the National Manpower Institute, a private, not-for-profit organization, has been working with the Department of Labor (and the Departments of Commerce and of Health, Education and Welfare) in developing what are generally referred to as Local Community Education-Work Councils, although they use a variety of names in the 30 or so communities in which they have been established. There is a "consortium" of these communities which also includes ten others in which similar councils have been developed in cooperation with the American Association of Community and Junior Colleges or with the National Alliance of Business.

You have asked me for only an "overview" here, and my association with the National Manpower Institute is such as to risk impeaching whatever I might say, except in response to any inquiries the Committee may make, about the operation and the significance of these local education-work councils. If you share the view that it is important to shift the center of gravity and responsibility for the youth transitional problem to the local communities, and if you wonder (as we did at the National Manpower Institute) whether it is possible to serve this purpose through the development of new collaborative processes at the local level, the experience with these 30 communities will be of interest to you.

A last point, Mr. Chairman, is suggested by the fact that most observers think we have just entered a recession. I am very much concerned that a recession will set us back several years on the inner-city youth employment front, and that we may lose whatever credibility with them that we gained since passage of YEDPA in 1977. I think we ought to act now to shelter those efforts for the next 12 to 18 months through enlarging education and training options, and turn youth into them rather than out onto the street. This could be an early assignment for the new Private Industry Councils. There is great difficulty in launching this new private sector initiative at the beginning of economic decline, and the fact that "education and training" is mentioned in the CETA title which created PICs as much as is "jobs", and that educators are supposed to be on these Councils, provides a sufficient base for working out the practical problems of providing such a temporary shelter.

Now in conclusion. We decided a long time ago in this country to see to it that every young person would have, at public expense, at least ten years of education, with still more if he or she could use it. The reason the figure was set at ten years was because that much education would take young people up to the point where they would be ready to go to work that was available and for which they were needed. The arrangements for this were left, deliberately and in contrast to the practice in most other countries, up to the local communities.

Today the facts are critically different. There is not work available for very many sixteen-year olds; most jobs now require more education and training than this. Where boys could count, fifty years ago, on moving into fields or factories directly from school, and where it was assumed that young women would make a similarly almost automatic move from sitting in classrooms to raising families, the situation has changed drastically. We have adjusted to these changes with respect to those young people for whom more formal education is the answer. We have not made similar adjustments for those who require an alternative transitional experience. It seems both sensible and likely that one of the major developments of the 1980s will be some extension of the concept that prompted the local community's assumption of responsibility for ten years of school--enough to give young people basic preparation for moving directly into their futures. The same considerations now commend the assumption for another year or two of community responsibility in those situations where doors lead out of education but not into employment.

This seems to me the most promising prospect regarding Youth and the Workplace: Perspectives for the Coming Decade. Legislation pointing in that direction would come within Jefferson's appealing phrase about "laws addressed to people's reason rather than to their weaknesses."

WORK-EDUCATION COUNCILS: COLLABORATION GETS RESULTS

The success of a series of four conferences held last year by the National Manpower Institute presents a refreshing denial of the notion that community spirit has died with the narcissism of the "Me" generation.

Originally, it was anticipated that between 75 and 100 representatives of business, labor, education, service agencies, and government would attend each of the conferences to discuss ways of easing the school-to-work transition through formation of local work-education councils. But attendance was almost double that expected, creating an atmosphere of lively interchange.

The advice offered in this report was distilled from panel discussions and workshops presented at the four conferences held between August and November 1978 in Burlington, Vermont; Lexington, Kentucky; Boulder, Colorado; and Berkeley, California. The conferences were sponsored under the banner of the National Manpower Institute's Work-Education Consortium Project. Financed by the U.S. Department of Labor and administered by NMI, the project fosters collaboration on school-to-work issues through the creation of a network of local work-education councils. Now in its fourth year, the project has helped scores of local leaders look beyond their often narrow interests and together devise new arrangements to help young people prepare for the world of work.

The Consortium Project has been a learning experience for nearly everyone involved, from the idealistic newcomers to the long-time political pros. Here, then, are some lessons learned so far. There aren't any high-flown theories here; just the down-to-earth advice of hard-working community leaders sharing their experiences, both good and bad. If you've wondered how institutions that are set in their ways can be encouraged to work together toward a common goal, then read on.

- *In Oakland, California, hundreds of students every year are placed through the computerized Bay Area Cooperative Education Clearinghouse in work-experience jobs with private sector employers and earn up to 16 hours of academic credit.*

- *High school guidance counselors in Charleston, South Carolina spend eight weeks during the summer working in a local manufacturing plant to gain firsthand experience about the world of work. The counselors earn three hours of graduate credit for their work.*

- *Every high school student in Bridgeport, Connecticut learns job interview tips through a program developed with the help of the National Alliance of Business. Twenty-five to thirty business people come into the schools to conduct mock job interviews to help prepare students for the real thing.*

- *In East Peoria, Illinois, a computerized Career Information Program provides students in grades eight through college with information about job opportunities both locally and nationally, and about school and college programs that offer training and sources of financial aid.*

Though very different from one another, these programs have one thing in common: all were made possible with the help of a local work-education council. The 33 councils that have been supported through the Work-Education Consortium are involved in literally hundreds of programs that relate education and work.

Why does a youth program succeed in one community and fail in another? The major obstacles to improved school-to-work linkages usually are not related to the issue itself—almost everyone agrees that young people are having a rough time in the job market and are poorly prepared by schools for the working world.

> **"If we are going to make decentralization effective, it has got to take a form which permits participation of a larger number of people at the local level."**
>
> **Willard Wirtz**

The big issue is institutional change. Persuading community leaders to put aside their battles over turf and do something they have never done before is an art requiring special skills. The extent to which work-education councils possess these skills has a lot to do with whether community collaboration on school-to-work issues succeeds or fails.

But many of the Consortium councils have proved that new approaches to the school-to-work transition *are* possible; that schools *are* willing to work with business and industry; that many local leaders *will* volunteer time and resources; that linkages *can* be created to benefit everyone involved.

The expertise gained by Consortium participants in achieving these ends is the subject of this special report. The emphasis is not so much on *what* the councils are doing but on *how* they do it. Theories on education and work collaboration help establish the context within which issues are discussed and priorities set. Yet it is the "nitty gritty" details—how to involve the private sector; where to get funds; how to deal with the local power structure—on which success rides or falls. These are the kinds of questions that formed the agendas of the four regional conferences held last year to introduce others to the Work-Education Consortium and to the concepts of collaboration.

Participants at the conferences offered a wealth of practical advice drawn from their own experiences. These tips and techniques have been culled from the conferences to create a guide to community collaboration. The issues discussed here go far beyond the immediate target of creating a smoother transition from school to work. They are basic to any community action effort aimed at institutional change.

Why are Work-Education Councils Needed at All?

At none of the conferences did it go unnoticed that work-education councils are competing for attention in a world crowded with advisory boards, commissions, panels, and task forces. In the field of youth employment alone, there are vocational and career education advisory councils, CETA youth services councils, industry-education groups, voluntary organizations, and others. Why, then, is yet another council needed?

As many Consortium councils see it, the major issue is coordination and efficient use of resources. None of the councils sees its role as merely advisory. All have struggled to organize or, in some cases, actually provide services lacking in the local community.

In addition to a general concern about youth, the conditions that give rise to work-education councils are as varied as the communities themselves. For example, Bethel, Maine is a small town of 2,500 with an economy dependent on wood products manufacturing and tourism. Creation of a work-education council grew out of the town's concerns about preserving rural values and ensuring economic growth to provide jobs that would keep young people from moving out. Philadelphia, Pennsylvania faces most of the problems common to older cities in the Northeast: a declining economic base, a 60 percent jobless rate among minority youth, and widespread poverty. Business and industry play an important role in the city's work-education council and many innovative projects have been launched to link schools and the private sector in an effort to combat poverty among inner-city black youth. Lexington, Kentucky, on the other hand, faces almost none of Philadelphia's problems. Only 3.5 percent of the labor force is out of work so youth employment is not a high priority. But there is widespread feeling that the schools are not doing a good job. A work-education council was formed in response to the community's desire to improve public education.

Although these community conditions are diverse, everyone has a stake in the school-to-work transition issue. Parents are concerned about their children's education and employability skills. Employers are concerned about the preparation of new workers. Schools are saddled with an ever-increasing list of responsibilities and often are without the resources to carry them out. Unemployment saps the entire community, driving up welfare costs and wasting human resources.

So perhaps it is not surprising that work-education councils are succeeding in many kinds of communities. Yet their success has not come about by accident. Thousands of hours and dollars have been poured into every one. Grantsmanship and gamesmanship have played their roles. In the following pages, council leaders tell how they have dealt with organization, leadership, funding, and goal-setting issues; attracted union and business participation; helped create state-level collaboration and new CETA/school relationships; and coped with special problems in rural areas.

Organizing a Successful Work-Education Council

Defining the Issues

Work-education councils are organized only when one or more people decide that the needs of local youth are not being met and that something must be done. Councils have been started as independent efforts, as offshoots of the Chamber of Commerce, as school-based initiatives, and as spin-offs of existing advisory bodies. There is no "typical" pattern.

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> **Richard Lane**

After the initial discussions, however, there inevitably comes the potentially paralyzing moment when a fledgling council must decide specifically what issues to address and how. Council leaders agree there is no substitute for good information when making such decisions. It does no good, for example, to list youth unemployment as a top priority in Lexington, Kentucky with its 3.5 percent jobless rate. Often, however, such basic data as unemployment rates and available community resources are hard to come by or simply don't exist, especially in rural areas.

One of the first activities of the Bethel, Maine council was to contract with a local community college and economic development office to do a series of surveys that gave town leaders some idea of the problems they faced and the resources on hand to deal with them.

Basic economic data are not enough, however. Knowledge of how community institutions relate to one another and where influence and political power lie also is essential. Says Richard Lane, president of the Career Education Consortium in Worcester, Massachusetts: "It's great to come up with a rational plan about what should work, but unless you're sensitive to how things work in your community, and who has the clout and who makes things work, then your plan is going to wind up on a shelf in somebody's storeroom."

Defining issues and setting priorities can take up a lot of a council's time in the beginning; in the case of the Lexington council, six months. Ray Male, executive director of the New Jersey Work, Education and Leisure Initiative, says definitions of such seemingly innocent terms as "work," "leisure," "schooling," and "education" proved major obstacles during the council's formation.

One method to bring issues into focus used successfully by the council serving the city and county of Erie, Pennsylvania was their "youth employment charter." Goals of the charter are to reduce employment barriers, institute career education through the better use of community resources, improve vocational education curriculum relevance, improve guidance counseling, promote equal opportunity employment, improve integration and consultation with Comprehensive Employment and Training Act administrators, provide labor market information, provide technical assistance, and promote opportunities for the handicapped.

Other councils have defined their missions more broadly. The New Jersey Work, Education and Leisure Initiative has become involved in projects ranging from historic home preservation to creation of parks from abandoned railroad beds. Again, it's a matter of fitting activities to local needs.

John Graves, until recently the director of the work-education council serving Wayne County, Michigan, warns that councils can have too narrow a focus. "If there's any trap our council fell into," he says, "it was that we spent 99 percent of our energy focused on changing the school system. We hadn't taken a look at what outside of that needed changing also."

Product vs. Process

There is an ongoing debate among council leaders that the four conferences stimulated: should work-education councils actually provide services ("products") or concentrate on developing collaboration among leaders of major institutions in the community to stimulate better youth transition services ("process")?

To Wayne Owens, a former General Electric executive who heads Philadelphia's work-education council, the goal is clearly one of "institutional change." He says the council "is looking at the very real change that can come about by getting people talking together frequently, beginning to trust one another, and, while not necessarily giving up their turf, at least saying, 'Hey, there are some things we can do.'"

But John Graves notes that industry leaders in the Detroit area were not much interested in the council if it looked like simply another advisory body. In an industrialized setting, he says, the debate over product vs. process doesn't hold water. "You'd better have a product" if you want business people to participate, he says.

Other councils have taken a middle road, emphasizing their role as a neutral forum for solving problems. George Cieply of Wheeling, West Virginia, says his is a "show-me" state and that his council has become both process and product oriented. Bob Sakakeeny, director of the council in Worcester, Massachusetts, says diplomatically that its function is "delivering services to service deliverers."

Another approach is to begin a new community service, prove its effectiveness, then convince an existing agency to take it over. The work-education council in Martin County, North Carolina used this strategy effectively in developing a local resources directory. A variation is the "spin-off" approach used by the New Jersey council. Director Ray Male notes that during its brief history, the council has helped start four independent nonprofit organizations "to do the things we don't dare do."

The Community Careers Council of Oakland, California has emphasized its role as a forum "for people who are tired of fighting and who want some middle ground whereby they can do something together," says executive director Jose de la Isla. A survey done by the council found that 138 different groups provide career education services in the Oakland area, but there is little coordination among them and most teachers and counselors do not even know they exist.

In summary, a "product" emphasis is attractive to action-oriented people, gives the council a high profile in the community, wins over skeptics, and provides needed services. But it may threaten those agencies already providing similar services and can be complicated and expensive.

Advantages of a "process" emphasis are that it is less threatening, focuses on better use of existing resources, does not result in creation of new and larger bureaucracies, and is less expensive. On the other hand, community leaders may feel that the council is "all talk and no action." The best advice is to fit the approach to the community.

Attracting Leadership

Among work-education councils, there is almost unanimous agreement on the need for strong leadership; without it, a council will quickly wither and die.

Conference attendees generally agreed that council members should be drawn from the highest ranks of education, business, government, labor, and community-based groups. Says Robert Ullery, industry-education coordinator for the New York State Department of Education: "If we can't get the chairman of the board, then we'll accept the president, but we don't go much below that. If you get top-level people, it breeds participation."

A council's ability to attract leadership will depend in part on the history of collaboration in the community. Jose de la Isla says many people are jaded from sitting on councils that have no real power. In Oakland, anyway, "people generally have not had good experiences."

On the other hand, collaboration is a respected tradition in Erie County, Pennsylvania, says Mike Lyden. A major step toward creation of a work-education council was undertaken in 1977 when a new occupational skills center opened as a result of collaboration among three government agencies and the local manufacturers' association.

An appeal to self-interest is one of the best ways of attracting community leaders to the council. Wayne Owens of Philadelphia says, "Any effort has to appeal to self-interest if you want to work together." The idea, he says, is to "make a person look good by doing good."

What are good self-interest issues? For schools: mandates to work with CETA offices, shortages of career guidance personnel, limited resources to carry out added responsibilities, need for more help in running programs for the disadvantaged, desire to improve the public's image of education. For businesses: improving employability skills of young workers, combating the public's ignorance of and hostility toward business and capitalism, reducing taxes and welfare costs by helping reduce unemployment, increasing profits and productivity through improved job training programs. For government job programs administrators: increasing the impact of federal programs through better coordination of community resources, increasing employer participation, improving relations with schools. For labor: helping young people understand and support organized labor, improving linkages with college adult education programs, expanding and improving apprenticeship programs.

Funding a Council

To Ray Male, it's a mistake to spend too much time searching for funds and "caring people" to keep a council afloat—both are in plentiful supply. But the funding search is never-ending for many other councils. The result is a patchwork of funding patterns about which generalizations are hard to make. Some councils have been almost wholly dependent on Work-Education Consortium Project funds. Others have managed to put together sizeable budgets from a variety of federal, state, local, and private sources.

If one common denominator in council thinking can be found, it is that councils are better off when their funding comes from several sources. The dangers of single-source funding are two-fold: the possibility of a fatal setback if the money suddenly runs out, and the risk of becoming nothing more than a mouthpiece for the agency or organization providing the funds. Single-source funding is a dangerous addiction.

Council organizers have shown considerable funding ingenuity. The Buffalo, New York council, for example, receives about $20,000 a year in membership dues from schools and employers. Dues are $500 per year for a school district; $100-750 per year for employers, depending on size. It took two years for the council to get to that point, however.

The Industry-Education Council of California—a statewide network—has a $3.2 million a year budget from 35 different sources. The council's theory is that if an organization wants IECC's help in solving a problem, it must be willing to put up some money.

Bob Sakakeeny of Worcester, Massachusetts says, "There are a lot of funding possibilities out there. It's just a matter of tying into them at the right time and in the right way." Just don't look to the Department of Labor directly for operating funds in the future, warns Evelyn Ganzglass of DOL's Office of Youth Programs.

Wayne Owens says that state vocational education agencies should not be overlooked as funding sources. Getting money under the governor's CETA earmark for vocational education, however, is trickier and depends on political clout. The Philadelphia council, which Owens directs, gets approximately $20,000 a year in local CETA funds, $10,000 in state CETA funds, smaller amounts from the local youth services department, and "some" support from labor and industry.

Another good funding source is the money earmarked for administrative overhead under all seven titles of CETA, says Jeff Johnson of Detroit, whose own salary as a council director was paid with CETA funds. In return, the council offered local prime sponsors a technical assistance package emphasizing youth program outreach.

But Carl Fazzini of Illinois warns that under CETA, "there is a lot of political pressure not to fund 'soft services' such as counseling" and other assistance frequently provided by work-education councils. The emphasis is on using the money to pay wages and fringe benefits. Keep in mind that a decision by CETA officials to cooperate with the council is not the same as a decision to help fund it, he adds.

One other hint: membership and the size of the geographical area served will help determine how much and what kinds of funds a council is eligible to receive. For example, the Work-Education Council of Southeastern Michigan could not apply for CETA funds until it expanded its coverage outside of Livonia, a well-to-do suburb of Detroit. Similarly, if a council expects to get CETA, vocational education, or private sector funds, it had better have representatives of these groups sitting on the council.

An important source of support to many councils is locally offered in-kind support such as office space, use of telephones, donated equipment, and the like.

Summary

Because each community is different, the problems to be faced in organizing a work-education council will vary from place to place. This list drawn up by Melvin Webb, executive director of the Martin County, North Carolina Education-Employment Council, touches most of the bases, however. He advises: assess community needs, list youth serving agencies and what their priorities *really* are (they probably cannot do everything they are supposed to do), form an ad hoc working committee of community leaders, stress the importance of leadership (the council's quality depends on it), stress the council's role as a neutral meeting ground, identify issues and set goals, emphasize the "what's in it for me" perspective, identify community needs to be addressed, inventory community resources, decide whether or not to be a nonprofit corporation, pick a neutral office location (not in a school or business), write a constitution, and find resources such as free office space.

Involving the Private Sector

To most councils, involving the private sector is the key to solving the "work" end of the school-to-work transition problem. Yet many, if not most, business people are skeptical about signing up with yet another committee which may or may not produce anything of consequence. They are especially leery of becoming entangled in CETA, which is a key resource to many councils. "CETA does not have that great a track record with the private sector," notes Bill Bevacqua, director of the Business-Education Liaison Committee for the National Alliance of Business in Bridgeport, Connecticut. He says the high turnover and low quality among CETA administrators, the audits, red tape, and rigid rules on low-income eligibility have given the program a black eye among business leaders.

Nonetheless, Congress recently added to CETA a new Private Sector Initiative Program (PSIP), designed to bolster business and industry involvement in job training programs. A major feature of the PSIP effort is creation of a network of Private Industry Councils (PICs) made up of a majority of private sector representatives. These PICs are to design and/or operate employment and training programs under CETA. Among the mandates of the PICs is the fostering of closer ties between education and work, a goal many work-education councils are more than willing to help achieve.

According to Michigan's John Graves, the PICs should be "more than a conglomeration of advisory councils that already exist." And work-education councils should tell prime sponsors "point blank" that they want a role. He admits, though, that the PSIP program faces an uphill battle with the private sector and that there is "quite a selling job to do."

> **"The government of the United States has more on its plate today than it can handle, and our communities must now help to invent new ways for the private sector to work with the public sector to pioneer a new partnership."**
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> **John T. Dunlop**

To most council organizers, the key argument in getting the private sector involved in CETA is profits, not philanthropy. Bill Tarnacki, a Ford Motor Company executive, urges councils that get involved with PSIP to stress the benefits of CETA to employers: better trained entry-level workers, lower turnover and absenteeism, more effective manpower planning. The critical issue, he says, is to find out what employers really think is most important in choosing new workers. Is it job skills? Attitudes? Something else?

Could a work-education council be named the community PIC? Yes, says John Coleman of the Labor Department's PSIP task force, as long as membership fulfills the requirements spelled out in CETA law. Alternatively, the PIC might be a subcommittee of the work-education council, or the two might have overlapping memberships, Coleman adds.

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Involving Organized Labor

In many communities, labor unions wield a great deal of power and influence. In others, such as Denver, Colorado and Lexington, Kentucky, unions are much less important. Thus, the extent to which organized labor is involved with work-education councils varies greatly from place to place. The Tri-County Council in Peoria, Illinois counts nine unions among its membership; the Denver council has none.

Wayne Owens is quick to point out that while labor unions should be included in work-education activities, they do not represent a single point of view. Council members from organized labor who shoulder the task of representing "labor's" perspective can get themselves in trouble with other unions that don't necessarily share that perspective. Unless special care is taken, the result can damage, rather than improve, communications.

Owens lists these steps councils should take in seeking participation from labor unions: Assess the labor climate. Which are the key unions? Is unemployment a major factor? Find interested people, wherever they may be in the labor hierarchy, but as high up as you can get. Come to terms with unemployment problems—labor may not be too interested in youth unemployment if there are thousands of adults out of work.

Fernon Feenstra, a Wayne County, Michigan council member and assistant dean of applied sciences at Schoolcraft College in Livonia, notes how the council had to substantially reorient itself before it could attract labor union participation. Unions, he says, were not interested in the council at first because of bad experiences in the past. They also felt their input lacked weight because they had no specific "mission" in regard to youth policy. As a result of these perceptions, the council moved away from the local Chamber of Commerce (which had sponsored it), became an independent body, and began to address the needs of all workers as they move in and out of employment.

John Graves says organized labor likes to be involved in action-oriented projects which also allow the union perspective to be heard. But unions are short-staffed, Graves observes, a problem other councils have resolved by recruiting retired labor officials.

Councils also can help unions better understand and play a more active role in CETA. Already, says Graves, unions are "quite upset" about the new Private Sector Initiative Program and feel they have been left out. They are afraid that PSIP will mean a loss of union jobs. The neutral atmosphere of the work-education council is an ideal forum for resolving these fears and translating them into useful action.

Work-Education Collaboration at the State Level

Collaboration at the state level is a natural extension of the local work-education council concept. According to Gene Hensley, director of the career education project for the Education Commission of the States, state policymakers generally agree on the necessity of stronger work-education linkages but are not sure who should take the lead or what their respective roles should be. Over half the states have passed legislation on career education or work-education linkages, but these laws vary greatly, he notes.

Some states already have a wealth of experience in creating state-level collaboration. The Industry-Education Council of California, for example, has been in existence for several years. New York State has helped set up 19 area work-education councils and 2 more are planned.

Gene Tashman, chief manpower programs coordinator for the New York State Department of Labor, says CETA discretionary money is being used to encourage collaboration among state-level organizations delivering services to low-income target groups. This is just the sort of collaboration that should be a natural focus for a state-level work-education council, he says.

Rich Ungerer, director of the Work-Education Consortium Project for the National Manpower Institute, lists these questions about state-level collaboration that must be addressed: What is the appropriate vehicle for state-level collaboration? What is the appropriate level of involvement? What agency is most likely to take the lead? What are the roles of the actors? How are various actors to be involved in policy-making? What should be the focus of collaboration: Career education? Youth policy? Job development? How can state activities support local council development?

To Joe Bard, director of special programs for the Pennsylvania Department of Education, support of work-education linkages at the state level is "only as strong as the people currently in office." If the goal is state collaboration, lobby the legislature to make it law, he advises.

The Industry-Education Council of California has been successful in building the concept of state collaboration by involving people in small-scale experiences that open their eyes to what can be done. "Things move best from the bottom up and the top down in a simultaneous movement," says IECC director Hank Weiss. The first step, he says, is to define a problem jointly perceived by state and local leaders, whether it is migrant education, youth employment, or a shortage of guidance staff in the schools. Step two is to develop a plan of action "which the power structure can live with," then implement it with state and local leaders acting in concert.

A successful experience in solving one problem can be used to build confidence and expertise to take on other larger issues, Weiss says. But the focus always should be on helping people, he adds. "If you're not impacting people, then go home, because that's what a collaborative is all about."

What services can state councils provide? Looking at the IECC, Rich Ungerer lists these: resources, funds, technical assistance, political support, networking, leaders, and ideas.

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Special Problems in Rural Collaboration

Although youth employment problems are of common concern to all the Work-Education Consortium councils, the eight that serve rural areas face a unique set of circumstances. As NMI program officer Karl Gudenberg points out, rural America is very diverse and councils face real obstacles in bringing all these interests together. Transportation problems, the migration of young people to the cities, the decline of the family farm, poverty, parochialism, and the proliferation of sometimes conflicting government programs make the rural councils' work that much more challenging.

Rural council leaders stress the importance of gearing the nature and pace of new work-education projects to local temperament. "We had to start where the community was, not where we chose to start," says Don Bean of Bethel, Maine. It was necessary both to "recognize and celebrate" the area's strengths as well as face up to weaknesses. Bean emphasizes that it was not the council's intent to "start a revolution," but to coordinate and expand youth services and help keep decision-making power in the local community.

Mary Agria, executive director of the Mid-Michigan Community Action Council, agrees that rural collaboration efforts should be "non-threatening." Her council serves as a broker to help six rural communities share resources. "I think the most exciting thing about the council is the way it pulls the community together. Everybody feels responsible for what their community is and what it becomes," she says.

As several rural council leaders point out, new collaborative efforts often are slowed down by the fact that area residents know each other well and there is community pressure to keep people—especially minorities and the poor—"in their place." Mary Agria says the Mid-Michigan council sidestepped this problem by making its services available to everyone, not just low-income people.

Victor Pavlenko of Sioux Falls, South Dakota says, however, that any new organization will create tension in the community when trying to do something no one has ever done before. In the early stages, he advises, it may be better for a developing council to work as an informal rather than a formal group.

CETA, Schools, and Work-Education Councils

Some of the thorniest problems with which work-education councils must deal relate to collaboration between schools and CETA prime sponsors. As Al Glassman, career education director for the Philadelphia schools, points out, educators and manpower officials have widely differing perspectives.

Educators, he says, often bridle at CETA "interference" —the eligibility rules, certification and accounting procedures, the paperwork. But schools that provide services under CETA technically are contractors who must play by the rules, Glassman observes. Add to this the problems of school scheduling, incompatible funding cycles, and the dislike schools have for programs limited to the disadvantaged, and it is clear that CETA/school relationships have far to go.

These unsolved problems reveal themselves in recent studies of agreements signed under the Youth Employment and Demonstration Projects Act by the National Association of State Boards of Education and by the Departments of Labor and HEW. Under the legislation, 22 percent of the Youth Employment and Training Projects money is earmarked for in-school programs aimed at low-income students. These programs are to be carried out under a formal contract between the schools and local CETA prime sponsors.

The earmark clearly was intended by Congress to spur closer relationships between educators and manpower officials. Yet according to the U.S. Office of Career Education's Joe Shearer, studies of these contracts reveal that it is "business as usual" for the two groups. Only 4 percent describe arrangements for awarding academic credit for work experience, although the YEDPA regulations specifically require it. Smaller communities, Shearer notes, tend to have the more innovative programs. But generally, YEDPA has not been the catalyst Congress hoped it would be.

Not all the news is bad, however, Shearer emphasizes. The studies also reveal that work sites for youth are of higher quality under YEDPA than previous jobs programs, that there is better coordination between state and local officials, that job vacancy and forecasting information is improving, and that schools are becoming more accountable for program effectiveness.

Work-education councils have helped smooth new CETA/school relationships in many areas. In one Illinois community, for example, CETA money was used to provide computerized career information to all students. The Philadelphia council helps coordinate a program developed by the Negro Trade Union Leadership Council which combines the efforts of schools, businesses, unions, and CETA to place high school seniors into private sector jobs. Over 1,200 students have been placed, 90 percent of whom were later hired as full-time workers.

Relationships between schools and CETA offices are improving but there is a long way to go. Work-education councils are in an ideal position to help these relationships grow creatively. Councils are likely to find deeply rooted suspicions and jealously guarded turf. But the possibilities are great and the needs of youth have never been more acute.

Prepared by Max Elsman

The Work-Education Consortium

American youngsters today often learn more about unemployment during their first crucial years in the labor market than what it's like to have a job. The transition from classroom to workplace is a critical period in the lives of all young people, black and white, male and female. The more than two dozen work-education councils created locally through the Work-Education Consortium are dedicated to closing that school-to-work gap in their communities.

With funding from the U.S. Department of Labor, this network of local collaboratives was created in 1976-77. Work-Education Consortium councils are located in 20 states and Puerto Rico and represent statewide, urban, rural, and suburban communities. No two councils are exactly alike. Each has evolved from interests and problems specific to its community.

The National Manpower Institute serves the Consortium by providing technical assistance through workshops, on-site visits, and an Information Exchange Service; by helping communities gain access to public and private funding sources and technical information; and by arranging for additional expert assistance.

Each council's membership is made up of representatives of education, business and industry, labor unions, government, service agencies, youth organizations, the professions, parents, and youth. Council governing bodies range in size from 11 to 31 volunteer members; the average size is 23. Work-education council budgets are a combination of Labor Department contract monies and other funds from membership dues, contributions, state support, and in-kind services.

If there is a single vision that binds the councils together, it is their belief that local problems—even if they are shared by other communities—require local solutions. The Work-Education Consortium is not an attempt to devise a single national model, but rather is an experiment in community involvement and action. The Consortium puts its emphasis on a process that will lead to workable programs, rather than a standard program design approach.

An important element of the Consortium is the Information Exchange Service, created to stimulate interest in community collaborative councils and provide the latest information on what makes them work. The cornerstone of the IES is the *Work-Education Exchange*, a quarterly newsletter that reaches an audience of more than 6,500 readers. Resources, program models, research results, legislative news—all are a regular part of the *Work-Education Exchange*. The collection and dissemination services provided by the IES are important in making sure the lessons learned in one community are available to others.

The National Manpower Institute and the Work-Education Consortium communities are eager to work with or assist other communities interested in establishing education-work councils. For more information, or for the names of contacts in Consortium communities, write Richard Ungerer, Director, Work-Education Consortium Project, National Manpower Institute.

Additional copies of this report are available from the Center for Education and Work, National Manpower Institute, 1211 Connecticut Avenue, N.W., Suite 301, Washington, D.C. 20036. Single copies, 50¢ each; 25 copies or more, 40¢ each.

Work-Education Consortium Communities

- Augusta, Georgia
  - Center for the Study of Private Enterprise
- Bayamon, Puerto Rico
  - Consejo de Educación y Trabajo de la Comunidad
- Bethel, Maine
  - Bethel Area Community Education-Work Council
- Bridgeport, Connecticut
  - Business Education Liaison, NAB
- Buffalo, New York
  - Niagara Frontier Industry-Education Council
- California, State of
  - Industry-Education Council of California
- Charleston, South Carolina
  - Charleston Trident Work-Education Council
- Chicago Heights, Illinois
  - Work-Education Council of the South Suburbs
- Enfield, Connecticut
  - North Central Connecticut Education-Work Council
- Erie, Pennsylvania
  - Education and Work Council of Erie City and County
- Fairbanks, Alaska
  - Tanana Valley Education-Work Council
- Gratiot County, Michigan
  - Mid-Michigan Community Action Council
- Jamestown, New York
  - Labor-Management Committee of the Jamestown Area
- Lexington, Kentucky
  - Lexington Education-Work Council
- Martin County, North Carolina
  - Martin County Education-Employment Council
- Mesa, Arizona
  - Youth Coordinating Committee
- New Jersey, State of
  - Work, Education and Leisure Initiative
- New York, New York
  - Association of Business, Labor and Education (ABLE)
- Oakland, California
  - Community Careers Council
- Peoria, Illinois
  - Tri-County Industry-Education-Labor Council
- Philadelphia, Pennsylvania
  - Education to Work Council of Philadelphia
- Portland, Oregon
  - Greater Portland Work-Education Council
- Santa Barbara, California
  - Community Career Development Council
- Seattle, Washington
  - Puget Sound Work-Education Council
- Sioux Falls, South Dakota
  - Sioux Falls Area Education-Work Council
- St. Albans, Vermont
  - Community Education-Work Council of Northwestern Vermont
- Wayne County, Michigan
  - Work-Education Council of Southeastern Michigan
- Wheeling, West Virginia
  - Education-Work Council of the Upper Ohio Valley
- Worcester, Massachusetts
  - Worcester Area Career Education Consortium

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THE NEXT STEP
IN MANAGING RECESSIONS
COUNTERCYCLICAL EDUCATION AND TRAINING

By Paul E. Barton
National Manpower Institute

Introduction

As this is written it is widely recognized that the Nation is in recession. The debate is only over how severe this one will be.

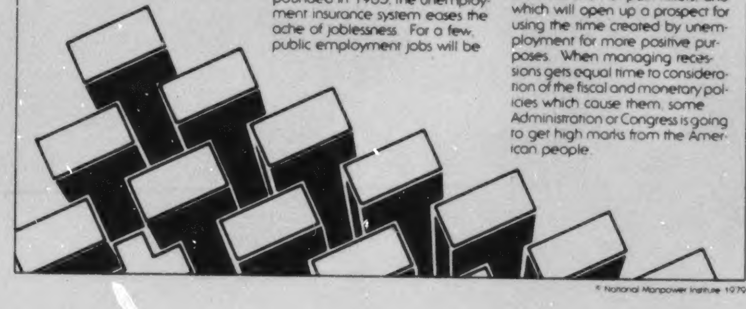
Its uniqueness, however, lies not in its severity but in the fact that the country has been expecting it for some time, and the prospect has been more freely admitted than has been true in the past. While no political official can very well admit it, the recession comes about as close as any we have had to being a **planned** recession. That is, the pursuit of fiscal and monetary policies sufficiently strong (a full employment surplus in the budget, a record interest rate) to curtail inflation has the known result of causing a slowdown in the economy and unemployment.

As the having of recessions becomes a more predictable result of attempts to throttle inflation, there is less excuse not to take simultaneous actions that would make the recession less a disaster for large numbers of citizens and their families and less costly to the present and future economy. While the intricacies of fiscal and monetary policy command the attention of the best economic talent in the Nation - in and out of government - the matter of sensible policies to deal with the recession itself (apart from fiscal and monetary policies to minimize its duration) is practically ignored. At least, that has been the history of prior recessions.

What we do for people and to advance National economic well being at a time of general adversity has little changed since the Great Depression. We are almost like a doctor, who having failed to keep a person healthy, abandons a sick patient with a bottle of aspirin at the bedside. First compounded in 1935, the unemployment insurance system eases the ache of joblessness. For a few, public employment jobs will be provided, a treatment rediscovered in 1970, after having been used extensively in WPA and PWA days. A persistent pattern has emerged: after unemployment has soared to the point where the existence of a recession can be publicly acknowledged, legislation will be prepared to (i) extend the duration of unemployment insurance (one tier of extension is now already automatically provided for in the law) and (ii) increase the number of public service job opportunities.

. . . open up a prospect for using the time created by unemployment for more positive purposes. . .

These are very necessary measures. But the question is whether there are initiatives that can be taken by an Administration or a Congress that will go beyond the administration of pain killers, and which will open up a prospect for using the time created by unemployment for more positive purposes. When managing recessions gets equal time to consideration of the fiscal and monetary policies which cause them, some Administration or Congress is going to get high marks from the American people.



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Recession Education And Training Policy

What is here proposed is an approach to recessions that both makes better use of the period of unemployment and provides an alternative to lay-off in those industries whose production is significantly curtailed during the course of a recession. It is unclear how we evolved an approach that is almost wholly one of income maintenance, but the impact of our present arrangements are these:

On Individuals:

- Hundreds of thousands are deprived of productive roles, even if a floor is put under their incomes.
- Skills are lost because the experience context in which they are acquired no longer exists: some skills are lost through disuse and some because a job connection is not made after the recession in the same line of work.
- The loss of "productive roles" causes large-scale hardship in the lives of workers and their families which goes beyond just the loss of income. Research has now established that crime, heart attacks, mental illness, and family dissolution increase as unemployment increases in business downturns. All have human costs and economic costs as well.
- Loss of work attachments mean loss of fringe benefit packages that workers increasingly rely on for health care, and in the case of pension benefits, for maintenance in retirement years.
- Self esteem is frequently lowered because individual workers cannot readily identify the reasons for their unemployment and may well believe it due to their own inadequacy, rather than a 13 percent interest rate.

On Employers:

- Costs go up as the unemployment insurance tax rate goes up.
- Severing the employment tie for large numbers of workers for from six to nine months means a loss of trained workers and the expense of rehiring and training new workers at the end of the recession.
- The general loss of skills and the failure of workers to acquire new skill capabilities lowers the talent pool for all employers, over what it otherwise would have been.

On Inner-City Youth:

- Any progress made since the youth employment legislation in 1977 will be wiped out.
- Without alternative measures, a worsening of employment prospects will have large costs in terms of the public's credibility with inner-city youth.
- The costs in terms of rising inner city crime could be very large.

Short of being able to avoid recessions, which is the goal of all, there is little prospect of avoiding all these harmful effects. But some of them can be lessened through policy approaches especially designed for that purpose. Specifically, the following is proposed:

1. An Option Of Learning While Drawing Unemployment Insurance

That we determine on a case-by-case basis, in the Employment Service and CETA offices, which unemployment insurance claimants are not likely to be reemployed during the recession with their existing skills and education, and permit them to enroll as students in a wide range of secondary and post-secondary institutions, while continuing to draw their unemployment insurance.

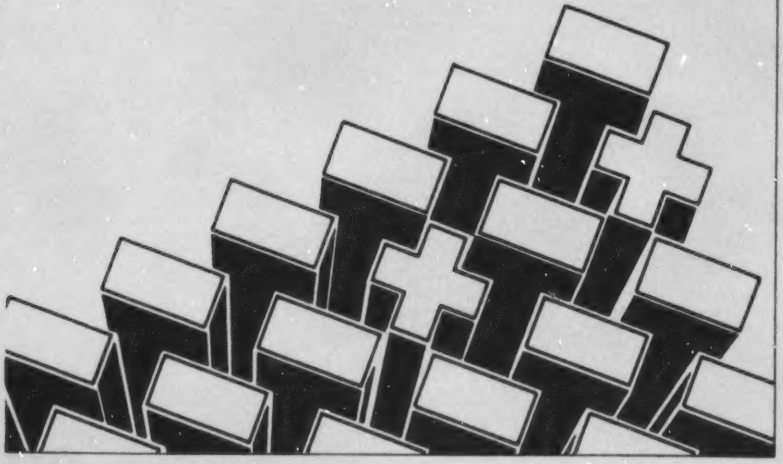
2. An Option Of Education And Training, Instead Of Layoff

That we create a training and education alternative to recession lay-off, by having the Federal government share the cost of transferring workers who would otherwise be let go to skill and education upgrading status, with remuneration on a stipend or allowance basis, perhaps lower than wages, but higher than unemployment insurance.

3. An Option Of Education For Youth Completing Programs And Not Getting Jobs

That we move to shelter our inner-city youth programs by offering education opportunities to youth who could benefit using a wide variety of community education institutions.

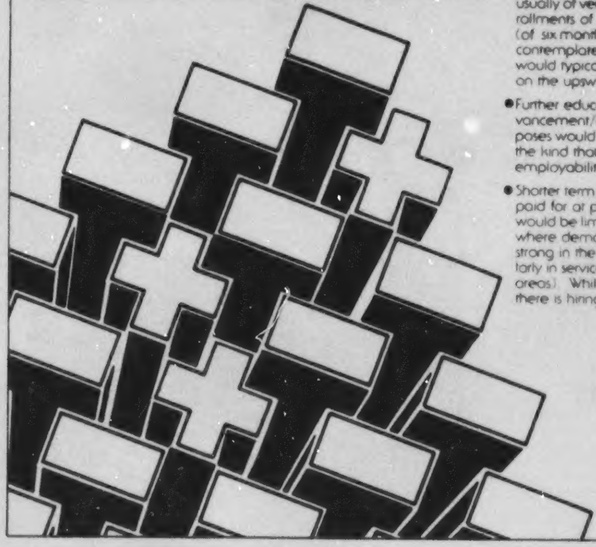
When recessions are the result of purposeful policies to reduce inflation, they are predictable enough to plan actions that will lessen their effects, and to make the best possible use of the down-time that is their result. The proposal here is to provide significant expansion of education and training opportunity as an alternative to unemployment.



The proposal here is to provide a significant expansion of education and training opportunity as an alternative to unemployment.

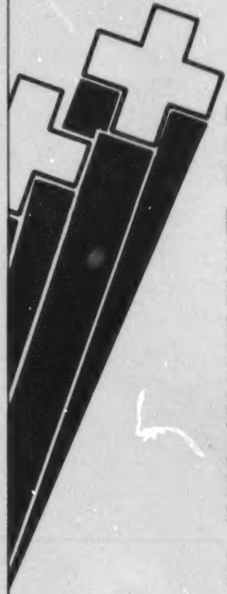
Beginning with the 1962 Manpower Development and Training Act, the United States started toward a policy of using skill training as one means of helping workers adjust to the job dislocations inherent in a free economy. Early U.S. practice was to tie specific skill training to a finding of a "reasonable expectation of employment." We have been very much concerned that there not be an investment made in training which did not result in a job using that skill. Providing training during a recession just has to be done more carefully, and avoidance of efforts which would minimize fruitless training would be accomplished in the following ways:

- While MDTA type training was usually of very short duration, enrollments of longer duration (of six months or longer) are contemplated so that courses would typically be completed on the upswing of the cycle.
- Further education for job advancement/employment purposes would be encouraged, of the kind that generally adds to employability at any time.
- Shorter term job specific training paid for at public expense would be limited to occupations where demand remained strong in the recession (particularly in service and technical skill areas). While the rate slackens there is hiring in a recession.



- Employer transfer of workers from production to training status would be encouraged with employers expected to provide skills training related to their own needs, since they will be sharing the costs.
- The general objective would be to encourage the taking of education and training during a recession when the time would otherwise be wasted and when the costs are least for the economy and the individual.

The first line of defense against recessions is adequate demand management policy and successful containment of inflation. The second line of defense is to make sure there is no injurious economic deprivation, through income maintenance policies which provide for minimum needs and also keep purchasing power from plummeting. **The third could be the increasing of useful and productive roles through education and training of people who would otherwise be idle, with an increase in the capabilities of the workforce and an accretion of skills and abilities that over time would increase our productivity (and itself be one weapon against inflation forces).** There is also room for public employment approaches, although the feasibility of reaching large numbers of people for relatively short periods of time limits the contribution such a policy can make, and the expense is very high on a per person basis.



Unemployment Insurance And Learning

Unemployment Insurance was created during a time of deep depression when there was need for a system of income support that was not degrading, as local welfare had become, and one based on rights by following insurance principles insofar as possible. There is a right to unemployment insurance if the eligibility requirements of the law have been complied with. This is still a necessary feature of UI law, and the proposals here made are consistent with the social insurance principle.

. . . the proposals here made are consistent with the social insurance principle.

Under unemployment insurance law, the typical requirement is that a claimant be "able and available" for work, and this test is applied each week rather than only at the outset of unemployment. It is necessary for there to be as much assurance as possible that

a claimant will be re-employed as soon as suitable work is available. We here propose a modification in the "available for work test", to apply only when the National unemployment rate rises to some specified level.

During recessions, it is proposed that after a sufficient period during which unemployment insurance claimants have tested the market and have been subject to the work test, that their prospects for being re-employed with their existing skill and education level be reviewed by an Employment Service (or other designated agency) counselor. After the specified period has passed to adequately test the market (six weeks? ten weeks? fifteen weeks?), the counselor could certify that the claimant is expected to exhaust unemployment insurance benefits without becoming re-employed. With such certification, the claimant can have the "available for work" test waived if he or she chooses to enter a technical school, a community college, a secondary school adult education course, etc. The UI would provide the living expense, and the claimant pay the tuition (although this could be combined with some assistance with the costs of tuition).

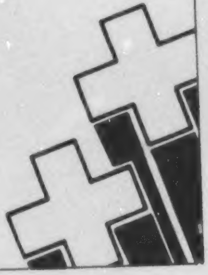
The selection of the search period required for lifting the available-for-work test should be based on actuarial studies of recession re-employment rates for claimants in different occupational categories. Once workers are enrolled in courses, they should be allowed to complete them although there also could be flexibility in scheduling that could accommodate work. If it were felt necessary to impose an additional safeguard, the total entitlement for recession UI benefits (typically 50 to 65 weeks, based on the last recession), could be somewhat reduced to offset the dollar cost of those claimants who would have become re-employed before exhaustion despite the certification to the contrary. (On the other hand, there are also arguments for

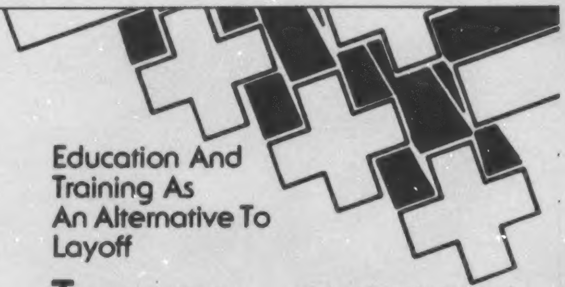
extending duration to permit course completion, as is true of worker adjustment assistance in the Trade Expansion Act of 1962.)

The choice to take this alternative would be up to the worker. Since unemployment insurance has a work test, there might be a temptation to apply a "training test" under which the worker would be required to enter education or training if referred. It is not likely that there could be effective training if it were forced, and it would seem prudent to rely on an expression of self interest. Experience in Europe, particularly in Italy, bears out this judgment.

The availability of the option of education and training could be publicized. The Department of Labor could work with the Department of Education and such National organizations as the American Association of Community and Junior Colleges and the American Vocational Association to advise secondary and post secondary institutions that workers have this option in recessions and to encourage these schools to take steps to accommodate workers' needs. Also such workers would be in need of educational counseling and brokering services which are increasingly available in large cities, with communication networks provided by the National Center for Educational Brokering. Where local Community Education Work Councils or similar collaborative arrangements between education, employers, unions, and governments exist, they could facilitate workers taking advantage of such recession opportunities.

The availability of the option of education and training could be publicized . . .





Education And Training As An Alternative To Layoff

Workers would be offered education/training as an alternative to layoff . . .

There is the possiblity of a convergence of interest among employer, worker, government, and union in an approach to recession layoff where workers would be transferred to education/training status during the period of reduced operations, participating employers would identify skill needs and avenues for upgrading workers' employment skills. Workers would be offered education/training as an alternative to layoff. They would be paid a stipend, a portion of which could be paid by the employer and a portion by the government, although some employers may prefer to do it without government involvement.

While there would be additional government outlays to cover its portion of the stipend cost, there would be a reduction in government (trust fund) outlays for unemployment insurance. There would also be savings by the government in what would otherwise be spent in additional food stamp, welfare, and medicaid costs (this is not to say that all participants would have otherwise incurred these costs, but many would).

While there would be an employer cost associated with the stipend payment and the training, there would be a saving of some magnitude in the employers' unemployment insurance taxes, since the experience rating system, in effect, charges employers for the costs associated with the unemployment which result from their operation. The additional financial considerations for the employer are:

- Maintaining an experienced workforce which would otherwise have to be reassembled and trained.
- Enlarging the productive capabilities of their workforces.
- Increasing the loyalty of employees who will recognize the effort to avoid unemployment.

Each employer would have to calculate the advantages and disadvantages, so it would not be possible to estimate employer participation rates. Nor is it possible to know how many workers would accept education/training status rather than layoff. Depending on the condition of the local labor market, presumably some portion would believe they could secure satisfactory employment elsewhere and would choose to do so.

While this would be essentially a new approach to layoffs, it is not completely untried in the U.S. The Department of labor funded an experimental program in the canning industry in California, recently reported on by Curtis Aller, et al. According to Howard Rosen, Director of Research for the Labor Department:

> "The project provided training and stipends for laid-off low skilled workers . . . which made trainees eligible for promotion to jobs offering more pay per hour and more hours per year."

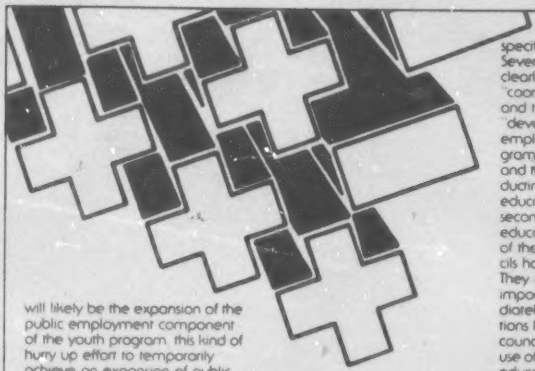
The project has now been incorporated in regular industry operation.

Maintenance Of Youth Employment Effort

Although Federal efforts have been greatly enlarged to ease the employment problem among disadvantaged youth, the problem itself seems to grow somewhat rather than recede. Whatever progress is being made is in danger of being wiped out by a severe recession. When the recession ends, we will be further behind than when we began.

Doing anything at all substantial is heavily dependent on growing private sector employment. But it has not been easy to bring about a marriage between CETA and the private sector. The Private Industry Councils are being launched at a time when private sector employment growth will be at a standstill.

Inner-city youth are going to be completing a variety of programs and not getting jobs. They will not know that the reason they will not get a job is because of the recession, and the result will be an erosion of credibility for the CETA youth program. While one answer



will likely be the expansion of the public employment component of the youth program. this kind of hurry up effort to temporarily achieve an expansion of public youth jobs has limitations in how much of the problem it can handle and how good the jobs will be as a developmental experience. "Jobs now" is the target, but this will become less possible over the next year or so; the provision of basic education would be a productive alternative.

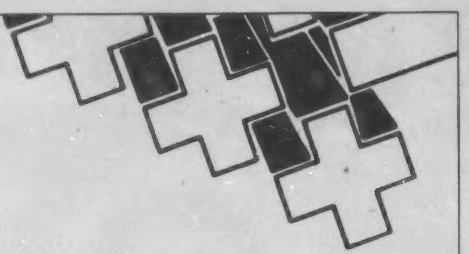
. . . opportunities to upgrade basic educational skills in temporary programs designed to operate throughout the recession and recede when the economy returns to normal. . .

An education activity could be a bridge from CETA programs to private sector jobs after the recession is over for the substantial numbers of youth who may otherwise be affected by the recession. The full range of a community's education institutions could be used for this purpose.

A variety of CETA based program efforts can be vehicles for delivery of educational services to youth not getting jobs, particularly if a contracting arrangement is used with regular educational institutions (of which the community college is a promising prospect).

One such vehicle in arranging the education would be the Private Industry Council. Title VII of CETA, in authorizing the councils, specifies nine program activities. Several of those activities are clearly education oriented, such as "coordinating programs of jobs and training and education . . . ," "developing linkages between employment and training programs, educational institutions, and the private sector", and "conducting innovative cooperative education programs for youths in secondary and postsecondary education schools." These aspects of the new Private Industry Councils have gone largely unnoticed. They could become much more important in the period immediately ahead. Education institutions have membership on the councils, so this would facilitate the use of the councils for linking youth educational opportunities. In the thirty or so communities where they exist, Community Education Work Councils could perform this role, or do it for CETA or the Private Industry Councils.

While the means get very involved because CETA is a complex program, the policy itself would be clear and simple. The policy would be that the recession not be allowed to leave even larger numbers of youth on the streets. As they complete regular programs, they will be given opportunities to upgrade basic educational skills in temporary programs designed to operate throughout the recession and recede when the economy returns to normal. Post-recession employment growth can then be expected to move youth into private sector employment.



Some Precedents Abroad

While the United States has not yet viewed training and education as a useful alternative to recession unemployment, this approach is not without support in Europe.* A recent review of European experience by Charles Stewart concluded that "public outlays for countercyclical training have increased everywhere in Europe, where it has represented the principal approach to dealing with problems of school leavers and unemployed youth."* In France, for example, the 1975 recession was met by a number of arrangements to induce employers to provide job training to school leavers and unemployed youth.

The European measures go beyond youth and include adults. By the 1960s, Mr. Stewart reports, most European countries came to the view that countercyclical training is a logical component of labor market policy. By 1969, the United States had agreed in principle with this new view, and supported the policy positions issued by the Manpower and Social Affairs Committee of the Organization for Economic Cooperation and Development (OECD), although it has never been made a matter of significant practice in the U.S. But even in Europe it was really not until the 1974-1975 recession that fears of expanding training during a recession were put to rest. It become recognized "that providing constructive education-work opportunities in recession could be relatively cost-free alternatives to pure income maintenance measures."

> **. . . "that providing constructive education-work opportunities in recession could be relatively cost-free alternatives to pure income maintenance measures."**

Not all the European experience, however, is judged successful and some reassessment of such policies is beginning in some countries. In any event, the experience of Europe does not necessarily apply to conditions in the United States. The point is only that the kind of policies proposed here are not so novel as to be completely untried, and it would be useful to sift the European experience for any nuggets which might be useful here.

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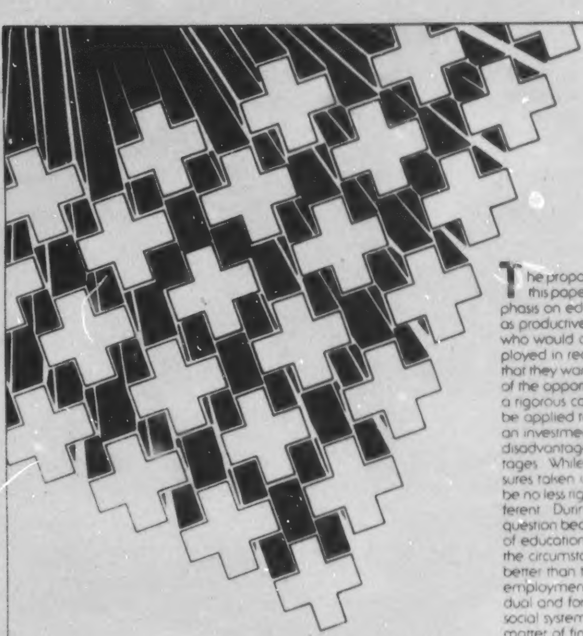
*In fact, this approach is not without precedent in the U.S. During the Depression of the 30's, The New York State Temporary Emergency Relief Administration "set up free classes for adults in vocational and cultural subjects. . . The teachers were trained workers who were out of jobs and the students were grown-ups . . . fitting themselves for better things in better times. In the first five months 30,000 adults enrolled, necessitating the employment of 1,000 men and women as teachers." (**Ladies Home Journal**, August, 1933)

*See Charles Stewart, "Countercyclical Education and Training," in **Implementing Education Work Policies**, Paul E. Barton, Editor, Jossey-Bass, 1978.



The proposals put forward in this paper place heavy emphasis on education and training as productive activity for persons who would otherwise be unemployed in recession, to the extent that they want to avail themselves of the opportunity. In good times, a rigorous cost-benefit test would be applied to the wisdom of such an investment. There would be disadvantages as well as advantages. While the test of such measures taken in a recession would be no less rigorous, it would be different. During a recession, the question becomes: is the provision of education and training under the circumstances proposed here better than the alternative of unemployment itself for the individual and for the economic and social system? It is not so much a matter of financial outlays because the money would be spent anyway on a variety of income maintenance programs. The question is rather one of expenditure for what purpose, and with what result?

The **Chairman**. The second panel will address the issue of youth labor force participation and underlying causes of youth unemployment.

Our most distinguished panelists are Dr. Joseph Anderson, manager, macro economics division, Scientific Time Sharing Corp.; Dr. Arvil Van Adams, director, National Commission for Employment and Unemployment Statistics; and Dr. Paul Osterman, associate professor of economics, Boston University. Labor force demographics, the effect on youth employment fluctuation in the economy, the projected size and scope of youth unemployment in the 1980's, and the effect of joblessness on youth will be considered.

I would like to draw two panels together here. The effects of sex and ethnicity on labor market entry will also be considered by this panel. Issues regarding labor force participation and unemployment rates, the level of labor force attachment among minorities and women, as well as labor market problems unique to these groups will be discussed.

Witnesses on these topics will be Dr. Ralph Smith, formerly of the Urban Institute, currently staff associate with the National Commission for Employment Policy, and Dr. Gilbert Cardenas, associate professor, Pan American University, Edinburg, Tex.

STATEMENTS OF DR. JOSEPH M. ANDERSON, MANAGER, MACROECONOMICS DIVISION, SCIENTIFIC TIME SHARING CORP.; DR. ARVIL VAN ADAMS, DIRECTOR, NATIONAL CENTER FOR EDUCATION STATISTICS; DR. PAUL OSTERMAN, ASSOCIATE PROFESSOR OF ECONOMICS; DR. RALPH SMITH, STAFF ASSOCIATE, NATIONAL COMMISSION FOR EMPLOYMENT POLICY; AND DR. GILBERT CARDENAS, ASSOCIATE PROFESSOR, PAN AMERICAN UNIVERSITY, EDINBURG, TEX.

Dr. **Anderson**. Willard Wirtz has provided an excellent introduction to the issues we face this morning, with some specific details of the problem and potential approaches to a solution.

In my comments I want to step back for a few minutes to sketch the very broad economic and demographic background to the issue—that is, the specter of a large and growing proportion of our youth unemployed. I will take a brief look at the prospects for the eighties and will provide some numbers to outline the rough dimensions of the problem.

Over the fifties the unemployment rate of all 16- to 19-year-olds averaged about 11 percent; in the sixties, about 14 percent; in the seventies about 17 percent. Each of these is an average for the whole decade, and that average increases by 3 percentage points each decade. For black teenagers it has persistently been about twice as high: 21 percent in the fifties, 26 percent in the sixties, and 34 percent over the seventies. In 1978 roughly half of the total number of unemployed were young people, ages 16 to 24.

Will these dismal trends continue into the eighties?

In addressing this issue I have two general observations. First, during this past decade the U.S. economy has undergone major and unusual strains and challenges. Second, our economic environment is now, and for several years has been, in a period of transition. The problems of the eighties will be very different from the problem of the seventies.

I want to focus on four aspects in this transition—four areas where the economy has been experiencing major changes: First, the demographic situation; second, energy; third, our attitude toward the impact of economic activity on the physical environment and on the health of our work force, and fourth, productivity.

Of these four, the one with the greatest immediate impact on youth unemployment has been the changing demographic situation. The most rapid growth of U.S. labor force since the mobilization for World War II has been occurring during the past few years. But this period of exceptionally rapid growth is coming to an end.

The rapid but uneven growth to the labor force can be illustrated if we divide the period since the end of the Second World War into two roughly equal parts. From 1947 to 1962, the number of adult men in the labor force increased by 12 percent, and the number of teenagers increased a little more than 10 percent. From 1962 to 1978, while the number of adult men increased less than 20 percent, the number of teens jumped by over 82 percent. The rate of growth of the teen labor force during the second part of the postwar period has been almost six times as great as during the first part. During the first half of this period the number of women in the labor force increased about 48 percent; during the second half, about 71 percent.

Two factors which account for this phenomenal labor force growth—the baby boom, and the rapid increase in participation of women in the labor force. The baby boom can be dated roughly from 1947 to about 1964. At the onset of this period, births jumped in a single year by a third—from an average of less than 3 million per year to almost 4 million. There were over 4 million births per year for the decade or so from 1953 to 1964. Then the number of births began to diminish. Since 1962, the baby boom has been entering the labor force.

The participation of women in the paid labor force has been increasing steadily since the end of World War II, but it has accelerated since the early sixties. In 1978, for the first time in our peacetime history, over half of our women aged 16 and over were in the paid labor force.

Now, a good part of this phenomenal growth has been absorbed successfully. The number of jobs has grown by over 20 million since 1967.

The CHAIRMAN. Could you pause for a moment? I will recognize Senator Javits.

Senator JAVITS. Mr. Chairman, I thank Dr. Anderson, and ask unanimous consent that what I say may appear at the appropriate place in the record.

The CHAIRMAN. Very well.

[Prepared statement of Senator Javits included in opening remarks of the transcript.]

Senator JAVITS. I wish to make an opening statement in respect to these hearings which I think are extremely important and I would like to thank the Chair for holding them. I know of no more important subject than youth unemployment. I am particularly interested in the effects upon this unemployment of a bill which I worked out with Senator Humphrey in 1975, called the Youth

Employment and Demonstration Project Act, which will come up for renewal next year.

I ask that the various exhibits may be attached to my opening statement. Also, I would like to express, while I have the floor, Mr. Chairman, my pleasure in the fact that former Secretary of Labor Willard Wirtz testified here. I understand he touched on a subject of deep concern to me, and that is someway of combining a private enterprise and public company to try to deal with particularization of this problem.

I thank the Chair, and thank you, Dr. Anderson. I might explain that I am heavily engaged elsewhere. Thank you.

The **CHAIRMAN**. Thank you, Senator Javits, and all of the materials will be put in the record. I appreciate your contribution.

Dr. **ANDERSON**. I was talking about the explosive growth of the labor force that has resulted from the population explosion called the baby boom, and about how the labor market in fact has been pretty successful in absorbing this growth. The number of jobs increased by over 25 percent in the past decade. But employment has not kept pace with the growth in the teen labor force.

In the past decade the increase in teen employment equalled only about 75 percent of the increase in the teen labor force. The number unemployed over the decade consequently increased by over 700,000 people, equal to about one-fourth of the increase in the labor force.

The changing demographic composition of the labor force has increased the aggregate rate of unemployment. Since youth and women persistently have higher unemployment rates, their increase in the labor force relative to adult men, alone, has added about one-half a percentage point to the average unemployment rate. Furthermore, the influx of youth has increased the youth unemployment rate itself. Simply put, the economy could not absorb the sharp increase in the younger age groups without a larger change in the wage structure than occurred, so the number of youths without jobs increased.

Right now, at the end of the seventies, the situation is turning around. The first source of labor force growth is now beginning to diminish. The baby boom began to taper off in 1960, and the last of those large cohorts are now entering the labor force.

In fact, the population aged 16 to 17 peaked in 1977. With present trends and prospects for fertility, it is unlikely that the number of Americans in that age group will ever again be as great as it was in 1977.

This year, 1979, the most numerous single age group is 18 year olds. The population of that age group will be smaller each year from now on, for at least the next 18 years. There may never again be as many 18 year old Americans as there are right now, today. Think about that. This is a population turnaround of a magnitude never before experienced in our country.

After growing 40 percent in the past decade, the teen labor force will shrink 10 to 15 percent during the coming decade. As the teen population falls, both absolutely and as a proportion of the total labor force, it is likely that the average rate of teen unemployment will also fall. Over the next decade the number of unemployed teens may decrease by about 15 to 20 percent. The unemployment rate of 16-17 year olds, for example, is likely to fall from a current level of about 18 percent to the 12 to 14 percent range by the end of the 1980's. Consequently, the average rate of unemployment for the entire labor force is likely to decrease as demographic structure changes.

This does not mean that youth unemployment will no longer be a problem. Even the most optimistic projections provide figures that are much higher than necessary, and call for improvement. The most glowing problem right now is the distressingly high unemployment rates among minority youth, and the deterioration of the labor market for minority youth up until the improvements registered in 1978.

Over the past decade employment increases among white teens equalled about 80 percent of the increases in the labor force of that age. But among black male teenagers, employment increases matched only 16 percent of the labor force growth. Eighty four percent of the increase in the labor force of black male teenagers went into the unemployed category. Among black female teenagers, employment increased enough to match only 42 percent of the labor force. 58 percent of the increase in the labor force showed up as unemployment.

This labor market failure shows up not only in shocking unemployment rates, but also in terms of massive withdrawal of black youth from the measured labor force. The recorded unemployment rate of black teenagers, therefore, greatly understates the magnitude of the problem. It is a pretty good guess that over 50 percent of the black youth who would be willing and able to work are unemployed. My view is that this is the most crucial employment issue before the committee at this time.

Demographic change, then, will help ease the youth unemployment problem on the whole in the 1980's, although that problem will remain and merits serious attention. But the high rate of unemployment among black youth is not primarily a demographic problem, and will not be greatly relieved by demographic changes.

Let me say a few words about energy, since that is a crucial change in the seventies, and is going to influence almost every public policy initiative that we undertake in the future.

In the simplest terms, up to the 1970's, energy was abundant and relatively cheap. From now into the foreseeable future it will be relatively scarce and expensive. This transition has been marked by price and supply shocks, first in 1973-74, and again this year. Each of these events have contributed sharply to high temporary rates of unemployment and inflation. The sharply higher inflation resulting in part from the energy price hikes restrains the use of fiscal and monetary policy to combat higher unemployment.

What I want to talk about are four long-term aspects of the change in the energy situation that will affect the environment in which we consider the youth unemployment problem.

First, over the long run, U.S. output and productivity will be lower than it would have been if cheap energy had continued. This is simply because we now have to give up more real resources for a key input to production. Our standard of living will be lower than it would have been with easy energy.

Second, if energy prices continue to rise—which they will—this will increase the rate of inflation, and increase the constraints on the use of fiscal and employment policy.

Third, the sharp increase in the price of energy relative to other inputs is bringing about major changes in the structure of the economy, particularly a substitution of labor for energy. This creates more jobs. So energy price increases reduce output and productivity, but they do not necessarily create an employment problem.

Fourth, the pattern of price increases may in fact create such a problem. As I tried to point out, the economy can adjust to a continuous smooth path of price increases without major damage to employment. But price increases are very unlikely to occur smoothly. Rather, we are likely to see a repetition of the pattern of the 1970's, where we have experienced very sharp price hikes followed by several years of stability. These price and supply shocks are disruptive to the economy and bring on high, if perhaps temporary, unemployment. Youth, who have the most unstable employment patterns, are hurt the most by this increased economic instability. It is this pattern of instability and uncertainty, rather than high energy prices *per se,* that is likely to exascerbate the youth unemployment problem. This pattern is likely to continue as long as we remain as dependent as we are now on foreign oil supplies.

The third and fourth changes in the economic environment that I mentioned reinforce the challenges created by the changed energy situation. Our recognition that we no longer can continue to increase output at the expense of the physical environment or the health of our workers has imposed real constraints on output growth. This recognition of the need to pay environmental and health costs of production, the energy factors that I just mentioned, the change in the demographic structure of the labor force, and other factors have shifted down our country's rate of productivity growth. This means that our future resources will be more limited and inflation problems will be a greater constraint on our efforts to deal with youth unemployment.

So we have to be very realistic about our prospects for mobilizing resources and the political will to deal with the very real and continuing problems of youth unemployment.

In summary, the eighties may be easier than the seventies in some important respects, although important challenges will remain. Demographic pressure, which has been the major challenge of the seventies, will be relieved. But the key problem, minority youth, and deterioration of their labor market, will not be solved by demographic changes, and needs continuous and serious attention.

Thank you.

The CHAIRMAN. Thank you, Doctor Anderson, for your excellent and most informative presentation.

[The prepared statement of Dr. Anderson follows:]

Youth Employment Policy in the 1980's— Perspective for a Time of Transition

Joseph M. Anderson
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From its beginning the United States has been a nation oriented toward youth. Compared to most developed countries, we have always been a relatively young population, and each generation of Americans has keenly appreciated the fact that today's youth will determine the strength of the nation's society and economy tomorrow. The U.S. has also been a country committed publicly to fairness and equality of opportunity.

With this historical orientation and commitment, Americans have been distressed to observe, over the past two decades, a serious deterioration in the labor market for youth, especially for minority youth. Despite widespread public concern and the development of a sizeable and varied public program effort, we seem to have been unable to prepare our youth for fully successful participation in the labor market or to generate enough of the types of jobs that will meet the needs and expectations of a rapidly growing youth population. We have witnessed the average rate of unemployment for young people age 16-19 rise from 11 percent over the 1950s, to 14 percent in the 1960s, to 17 percent in the 1970s. Unemployment of black youth age 16-19 has been distressing -- increasing from an average rate of 21 percent in the 1950s to 26 percent in the 1960s, to 34 percent in the 1970s. In 1978, the unemployment rate for blacks age 16-17 was 44 percent!

This dismal record should not be viewed as a counsel of despair, but rather as a challenge to public policy. Two aspects of recent history should be recognized. First, over the past decade, the U.S. economy has encountered major and unusual challenges. In many ways its performance has been impressive. In evaluating the historical statistics, we should be aware of the magnitude of the challenges that have been faced. Second, the last half of the 1970's have been a time of transition for the U.S. economy. The economic environment is changing in ways that will have important implications for the future performance of the economy and for public policy. The current challenge to public policy, then, is to understand what has happened in the past, to identify the serious and continuing deficiencies in past performance and distinguish them from less serious and perhaps transitory problems, and to prepare for continuing changes in the economic environment.

Four important aspects of the economic environment have been undergoing major changes: the demographic situation, energy, our attitude toward the impact of economic activity on health and the physical environment, and productivity. In this statement I will review these changing aspects of the economic environment and suggest implications they may have for public policy.

The Demographic Situation

Demographic change is the most important aspect of the transition in the economic environment.

The most rapid growth of the U.S. labor force since World War II is occurring now. But this period of very rapid growth in the total labor force and particularly in the youth segment is drawing to a close.

Since 1962, the rate of growth of the civilian labor force has averaged 2.2 percent per year, increasing by over 46 percent during this time. In this period, the rate of growth of the female labor force has averaged 3.5 percent per year -- the number of women in the labor force has increased by three-quarters in the past 16 years.

The number of teenagers in the labor force grew only 0.7 percent per year from 1948 to 1962. Since that time, the teenage labor force has averaged a rate of growth of 4.3 percent per year -- six times as great -- increasing by over 90 percent during the past 16 years.

The date of the beginning of this spurt, 1963, is significant. In that year people born in 1947 began to enter the labor force. 1947 marked the beginning of the baby boom -- the remarkable increase in the number of births that occurred over the period from 1947 through 1965 (See Table 1 and Figure 1). Rarely were as many as three million babies born during any year before July 1, 1946. During the year July 1, 1946 to July 1, 1947, almost four million babies were born. Births remained high during the rest of the 1940's and in the 1950's began to rise again. During the peak years, between 1953 and 1964, over four million babies were born each year. The wave of population born during those peak years has been entering the labor force during the past decade.

But the figures for women in the labor force indicate that not all the labor force growth can be attributed to population growth. The participation of women in the labor force has increased markedly as well, from 38 percent in 1962 to 50 percent in 1978. During this period the male participation rate fell from 82 percent to 78 percent. The increased participation of women has been sufficient to raise the total participation rate for both sexes from 60 percent in 1962 to 64 percent in 1979.

As the dates for the period of baby boom births indicate, we are now nearing the end of the great influx of youth into the labor force from that source. In fact, the U.S. population age 16-17 peaked in 1977. Unless the fertility rate rises dramatically, the population of that age may never again be as great. Over the next 15 years, the size of that age group will fall by 25 percent. The population age 18-24 will peak in 1980-1981 and then decline in a similar way.

Table 1

Number of Births in the United States and Population Growth Rate: 1930-1978

Year (July 1 to June 30)	Births	Percent Change in Population during year
1930-1931	2,562	.8
1935-1936	2,366	.6
1940-1941	2,631	1.0
1941-1942	2,789	1.1
1942-1943	3,168	1.4
1943-1944	2,989	1.2
1944-1945	2,937	1.1
1945-1946	2,873	1.0
1946-1947	3,948	1.9
1947-1948	3,658	1.7
1948-1949	3,660	1.7
1949-1950	3,638	1.7
1950-1951	3,771	1.7
1951-1952	3,859	1.7
1952-1953	3,951	1.7
1953-1954	4,045	1.8
1954-1955	4,119	1.8
1955-1956	4,167	1.8
1956-1957	4,312	1.8
1957-1958	4,313	1.7
1958-1959	4,298	1.7
1959-1960	4,279	1.6
1960-1961	4,350	1.7
1961-1962	4,259	1.5
1962-1963	4,185	1.4
1963-1964	4,119	1.4
1964-1965	3,940	1.3
1965-1966	3,716	1.2
1966-1967	3,608	1.1
1967-1968	3,520	1.0
1968-1969	3,583	1.0
1969-1970	3,676	1.1
1970-1971	3,713	1.1
1971-1972	3,393	0.9
1972-1973	3,195	0.7
1973-1974	3,111	0.7
1974-1975	3,185	0.8
1975-1976	3,126	0.7
1976-1977	3,268	0.8
1977-1978	3,305	0.8

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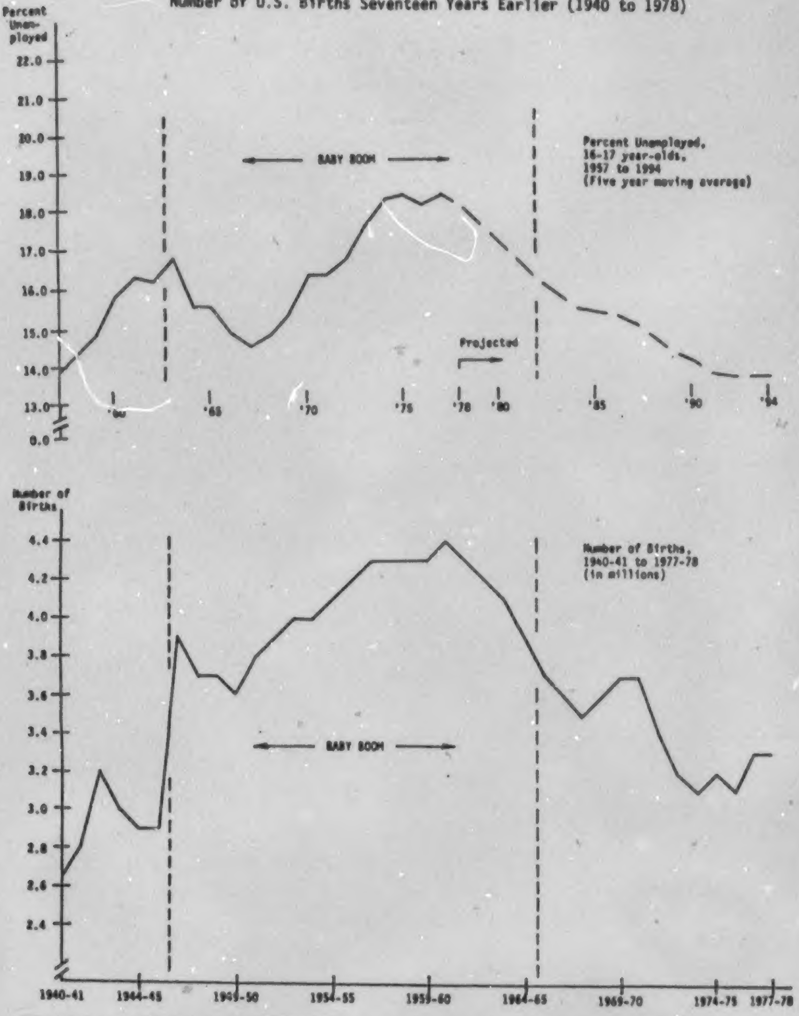
FIGURE 1: Unemployment Rate of Youth Age 16-17, 1957 to 1994, and Number of U.S. Births Seventeen Years Earlier (1940 to 1978)



The largest single age group in 1979 was 18 year olds. The population at that age will be smaller each year from now on for at least the next twenty years. After growing over forty percent in the past decade, the teen labor force will probably decrease by 10-15 percent during the next decade. (The decline in the labor force is less than the decline in population size because teen participation rates are expected to rise.)

The economy's performance in absorbing this tremendous wave of population is, in many ways, remarkable. The number of jobs has increased by over 20 million since 1967 -- almost 27 percent -- despite the slump in economic activity in the mid-1970's. Employment increased by over four percent in 1978 alone -- almost four million new jobs.

During the past decade, employment of teenage boys increased 32 percent and employment of girls increased 47 percent. (See Table 2). But employment growth did not keep up with the growth in the labor force, as the rise in the unemployment rate indicates. From 1968 to 1978, the number of unemployed boys rose by 87 percent and the number of unemployed girls increased 84 percent. While the number of male teens in the labor force increased by about 1.4 million, male teen employment increased by about 1.0 million (corresponding to about 73 percent of the labor force growth) and unemployment increased by about 370 thousand (equal to 27 percent of the labor force growth). The number of female teens in the labor force went up by 1.5 million, female teen employment increased by 1.2 million (equal to 77 percent of the labor force growth), and unemployment increased by about 350 (equal to 23 percent of labor force growth).

Because youth persistently have higher unemployment rates than older workers, the expansion in the share of the labor force accounted for by youth has contributed

TABLE 2

Labor Force, Employment, and Unemployment of Youth Age 16-19: 1968 and 1978 (1000s)

	Total			White			Black and Other		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
1968									
Civilian Labor Force	6619	3681	2938	5839	3236	2603	780	445	336
Not in the Labor Force	7079	3003	4076	6000	2552	3448	1079	451	628
Employed	5779	3254	2525	5195	2908	2287	584	346	238
Unemployed	840	427	413	644	328	316	195	99	97
Unemployment Rate	12.7	11.6	14.1	11.0	10.1	12.1	25.0	22.2	29.0
1978									
Civilian Labor Force	9539	5078	4461	8490	4525	3964	1050	553	497
Not in the Labor Force	6908	3093	3815	5435	2427	3008	1473	666	807
Employed	7981	4279	3702	7312	3916	3396	669	363	306
Unemployed	1558	799	759	1178	609	568	381	190	191
Unemployment Rate	16.3	15.7	17.0	13.9	[illegible]	14.3	36.3	34.4	38.4
Change: 1968 - 1978									
Civilian Labor Force	2920	1397	1523	2651	1289	1361	270	108	162
Not in the Labor Force	-171	+90	-261	-565	-125	-440	394	215	179
Employed*	2202	1025 (73)	1177 (77)	2114	1008 (78)	1109 (81)	85	17 (16)	68 (42)
Unemployed*	718	372 (27)	346 (23)	534	281 (22)	252 (19)	186	91 (84)	94 (58)
Percent Change: 1968 - 1978									
Civilian Labor Force	44.1	38.0	51.8	45.4	39.8	52.3	34.6	24.3	48.4
Not in the Labor Force	-2.4	+3.0	-6.4	-9.4	-4.9	-12.8	+36.5	+47.7	+28.5
Employed	38.1	31.5	46.6	40.6	34.7	48.5	14.6	4.9	28.6
Unemployed	85.5	87.1	83.8	82.9	85.7	79.7	95.4	91.9	96.9

*Figures in parentheses show change in employment and unemployment as percent of change in civilian labor force.

Source: Employment and Training Report of the President, 1979 to an increase in the aggregate unemployment rate. The expansion in the share of the labor force accounted for by women, who also have higher unemployment rates, has also increased the aggregate rate. The President's Council of Economic Advisors has calculated that about one-half of one percentage point has been added to the aggregate unemployment rate by change in the deomgraphic composition of the labor force alone.

Moreover, the increase in the number of youth in the labor force and the share of youth in the total has probably served to increase the youth unemployment rate itself. If it were easy to change the proportions in which employers use youth, who generally have less experience and skill, in combination with older workers as their proportions in the labor force change, then the additional youth could have been absorbed without much addition to their unemployment rates. But such a change in age group proportions evidently is not easy. My research indicates that if employers are to be willing to hire more youth as their supply increases relative to older workers, their wage relative to older workers' wages must fall. That has happened to some degree, but not enough for the entire influx to be hired. Wage rigidities in the labor market -- such as legal minimum wages, collective bargaining agreements or customary wage differentials -- prevent relative wages from adjusting sufficiently to permit the labor market to absorb the whole increase in young workers. The same thing seems to have happened with older women. As their share of the labor force has increased, their specific unemployment rates have increased also.

Table 3 compares unemployment rates of selected demographic groups in the fourth quarter of 1972 and the fourth quarter of 1978. The unemployment rate

Table 3

Selected Unemployment Rates, Fourth Quarter 1972 and Fourth Quarter 1978*

Group	1972 (4th)	1978 (4th)
All civilian workers	5.3	5.8
White 20 years and over	3.9	4.1
Males	3.4	3.5
Females	4.7	5.0
Black and other 20 years and over	7.3	9.2
Males	6.0	8.3
Females	8.9	10.2
Teenagers (16-19 years)	15.7	16.3
White	13.3	14.0
Black and other	35.4	35.3

*Percent; seasonally adjusted.

Source: Economic Report of the President, January 1979.

of adult white males was about the same in the two periods. Since this group has the greatest labor market attachment, that figure may indicate that cyclical labor market tightness was about the same in the two periods. Table 3 shows that for most groups whose proportion of the labor force has expanded -- youth, as well as older women -- their unemployment rates have increased. Statistical analysis of the relationship between the unemployment rate of each individual age-sex group in the labor force and its share of the labor force shows that as a group increases relative to other groups, its unemployment rate typically increases. Not all the increase in labor force size can quickly be absorbed into employment.

It is likely that as the share of youth in the total labor force falls with the passing of the baby boom generation out of the younger years, the youth unemployment rate will fall. Based on a study of the determinants of labor force participation and unemployment of demographic groups, including the role played by the share of a group in the labor force, I estimated that the unemployment rates of teens age 16-17, corresponding to a smooth, moderately high trend level of economic activity, will begin to drop from the rate of around 19-20 percent in 1978 to about 16-17 percent in 1983, 15-16 percent in 1988, and 12-14 percent in 1990. The trend unemployment rate of the group age 18-24 will increase as that group continues to expand, remaining in the 10-12 percent range through the early 1980's, then fall as the size of that group diminishes. Some of these estimates appear in Table 4. (The calculations in Table 4 do not represent forecasts of unemployment or of economic acitivty. Rather, they are estimates of the group-specific unemployment rates that would correspond to a level of economic activity that represents a smooth projection of post-war trends, at approximately the average level of capacity utilization experienced over the post-war period.)

TABLE 4

Percentage Composition of Labor Market Aggregates

	Both Sexes	Male				Female			
	Total	Total	16-17	18-24	25+	Total	16-17	18-24	25+
1968									
Population 16+	100.0	48.2	2.7	8.3	37.1	51.8	2.6	8.2	41.0
Labor Force *	100.0	62.9	2.1	9.9	51.8	37.1	1.4	7.7	28.0
Employment	100.0	63.4	1.9	8.7	52.7	36.6	1.3	7.3	28.1
Unemployment	100.0	50.4	8.3	16.0	26.1	49.6	6.4	18.4	24.8
Unemployment Rate	3.6	2.9	13.9	6.4	1.8	4.8	15.9	8.6	3.2
1973									
Population 16+	100.0	48.0	2.8	8.8	36.4	52.0	2.7	8.7	40.6
Labor Force	100.0	61.1	2.3	10.9	47.9	38.9	1.8	8.8	28.3
Employment	100.0	61.6	2.0	10.5	49.0	38.4	1.5	8.3	28.7
Unemployment	100.0	52.0	8.1	18.9	25.1	48.0	6.5	17.9	23.6
Unemployment Rate	4.9	4.1	17.0	8.4	2.5	6.0	17.7	9.9	4.0
1978									
Population 16+	100.0	48.0	2.6	8.9	36.4	52.0	2.5	8.8	40.7
Labor Force	100.0	58.3	2.2	10.9	45.2	41.7	1.9	9.4	30.4
Employment	100.0	58.8	1.9	10.4	46.5	41.2	1.6	8.9	30.7
Unemployment	100.0	50.5	6.9	18.4	23.5	49.5	6.0	18.0	25.5
Unemployment Rate	6.0	5.2	19.3	10.2	3.3	7.2	19.5	11.5	5.1
1983									
Population 16+	100.0	47.9	2.1	8.4	37.4	52.1	2.0	8.3	41.8
Labor Force	100.0	59.4	1.7	10.6	47.1	40.6	1.4	8.5	30.6
Employment	100.0	59.8	1.5	10.0	48.4	40.2	1.3	7.9	30.9
Unemployment	100.0	52.0	4.8	20.9	26.3	48.0	3.9	18.1	26.0
Unemployment Rate	5.9	5.1	16.6	11.0	3.3	6.9	16.1	11.9	5.0
1988									
Population 16+	100.0	47.9	2.0	7.2	38.7	52.1	1.9	7.1	43.2
Labor Force	100.0	57.8	1.7	8.7	47.5	42.2	1.5	7.3	33.4
Employment	100.0	58.2	1.5	8.2	48.6	41.8	1.4	6.8	33.6
Unemployment	100.0	50.9	4.8	16.7	29.9	49.1	3.6	15.3	30.2
Unemployment Rate	5.5	4.9	15.9	10.4	3.4	6.4	14.7	11.6	4.9

* Civilian Labor Force

Source: Actual data are from Employment and Training Report of the President, 1979 and Current Population Reports, Series P-25, Nos. 519,800. Projections were done by the author, based on Census Bureau population projection Series II, Current Population Report Series P-25, No. 704.

From these estimates it is possible to calculate what the trend aggregate unemployment rate would be. That is the aggregate rate that would correspond to the post-war average level of capacity utilization, taking into account projected changes in the demographic structure of the labor force. The trend aggregate unemployment rate falls in the 1980s, from 5.9 in 1983 to 5.5 in 1988 and 5.2 in 1990.

Although they show improvement over the current situation, the projected unemployment rates for youth are still too high -- reflecting an inefficiently great amount of labor market turnover and search. There is still a need for carefully designed employment and training programs to reduce the waste that these high unemployment rates imply. But at least the distressingly high rates associated with the rapid baby boom expansion of the youth labor force may be relieved as the demographic pressure eases.

I have said nothing about the very high rates of unemployment among black youth. These are much too great to be accounted for by demographic factors alone. Rapid expansion of the youth population clearly increased the unemployment of black youth, as well as others. If it is the case that blacks are the last to be hired, they would be hurt more than others as demographic pressure increased. The easing of demographic pressure on youth in general will help ease the unemployment of black youth as well as white. While it is projected that blacks will increase somewhat as a proportion of the youth population, the number and the share of black youth in the total labor force will fall during the 1980's (see Table 5). There is no obvious economic reason why a change in the proportion of blacks relative to whites within the youth population should affect the unemployment of blacks vs. whites. The fact that the rate of unemployment of blacks is so much greater than that of whites of the same age indicates a fundamental social problem that cries out for continuing efforts toward its solution.

TABLE 5

PROJECTIONS OF THE POPULATION BY RACE AND SELECT AGE CATEGORIES: SELECTED YEARS, 1978-1990

(Thousands)

	1978 Population	%	1980 Population	%	1985 Population	%	1990 Population	%
Total	218,437	100	222,159	100	232,800	100	243,513	
White	188,922	86.49	191,581	86.24	199,458	85.65	207,257	85.11
Black	25,473	11.66	26,156	11.77	28,005	12.03	29,799	12.24
Other	4,042	1.85	4,422	1.99	5,417	2.33	6,457	2.65
Age 16-19	16,937	7.75	16,700	7.52	14,363	6.17	13,541	5.56
White	14,296	6.54	14,024	6.31	11,845	5.09	10,943	4.49
		(84.41)*		(83.98)		(82.47)		(80.81)
Black	2,326	1.06	2,338	1.05	2,136	.92	2,122	.87
		(13.73)		(14.00)		(14.87)		(15.67)
Other	315	.14	338	.15	382	.16	476	.20
		(1.86)		(2.02)		(2.66)		(3.52)
Age 14-17	16,648	7.62	15,763	7.10	14,392	6.18	12,771	5.24
White	13,976	6.40	13,122	5.91	11,819	5.08	10,271	4.22
		(83.95)		(83.25)		(82.12)		(80.42)
Black	2,370	1.08	2,322	1.05	2,200	.94	2,056	.84
		(14.24)		(14.73)		(15.29)		(16.10)
Other	302	.14	319	.14	373	.16	444	.18
		(1.81)		(2.02)		(2.59)		(3.48)
Age 18-24	28,980	13.27	29,462	13.04	27,853	11.96	25,148	10.33
White	24,670	11.29	24,964	11.24	23,259	9.99	20,642	8.48
		(85.13)		(84.73)		(83.51)		(82.08)
Black	3,733	1.71	3,869	1.74	3,863	1.66	3,664	1.50
		(12.88)		(13.13)		(13.87)		(14.57)
Other	576	.26	630	.28	731	.31	843	.35
		(1.99)		(2.14)		(2.62)		(3.35)

* The number in parentheses refers to the race's percentage of the particular age category's total population

SOURCE: Series II Projections from "Projections of the Population of the United States: 1977 to 2050" Current Population Reports, Series P-25, No. 704, U.S. Department of Commerce, Bureau of the Census, July 1977

Some of the dimensions of this problem are indicated in Table 2. While 78 percent of the increase in the white male youth labor force between 1968 and 1978 was reflected in an increase in employment, the increase in black male youth employment equaled only 16 percent of the increase in the black male youth labor force. The increase in black male youth unemployment equaled fully 84 percent of the increase in the labor force. For black female youth, the increase in unemployment equaled 58 percent of the increase in the labor force. During a decade when the black male youth population increased 36 percent and the black male youth labor force increased 24 percent, employment of black male youth increased only 5 percent.

One respone to this labor market failure was widespread withdrawal of black youth from the labor force. At the beginning of the 1960s, the labor force participation rates of black and white male youth were approximately equal -- about 45 percent for ages 16-17, and 70 percent for ages 18-19. Since then, participation rates for white male youth have increased -- to 55 percent for 16-17 year olds and 75 percent for 18-19 year olds in 1978. Black participation, on the other hand, has plummeted -- to 33 percent for males age 16-17 and 60 percent for males 18-19 years old. While the participation rate of white females has increased from 30 percent in 1960 to about 49 percent in 1978 for ages 16-17, and from 52 percent to 65 percent for ages 18-19, the rates for black women were relatively unchanged over the period. They were almost the same in 1977 as in 1960 -- about 23 percent for 16-17 year olds and 45 percent for ages 18-19 -- then each rate jumped about 4 percent points in 1978.

Data on measured unemployment, therefore, greatly understates the degree to which the market has failed to meet the needs and aspirations of black youth. One estimate of the extent of this understatement can be calculated as follows. In 1978, the labor force participation rate of blacks age 16-19 was 42 percent. If it had been the same as whites of the same age (61 percent), an additional 490 thousand youth would have been counted in the labor force. If these are added to the measured black unemployment in 1978, the total comes to 870 thousand, an unemployment rate of 57 percent!

The most pressing objective, then, of public policy concerning youth unemployment is to begin to reintegrate black youth into the U.S. labor market.

Energy

We are all aware of the dramatic changes in the price of energy that have occurred during the 1970s -- led by the price hikes for oil. Foreign oil prices more than tripled during 1974 and the price of domestically produced crude oil doubled. After remaining fairly constant from 1975 to the end of 1978, foreign oil prices have exploded again, increasing by over sixty percent so far this year, and by a dollar amount as great as the 1973-74 rise. This increase in crude oil prices, plus other changes in the domestic energy situation, will probably increased gasoline prices by fifty percent during 1979 and increase fuel oil prices by sixty to seventy percent. By the end of 1980 the impacts of these recent price changes alone are forecast to raise the level of the Consumer Price Index by an additional 2.5 percent, reduce GNP by over 2 percent and add 0.9 percentage points to the unemployment rate.[1] If it is the case that monetary policy has overreacted to the inflationary pressures generated by these events, and if fiscal policy becomes overly restrictive, the resulting employment and output losses could well be greater than these figures. In comparison, it is estimated that by 1975 the oil price increases of 1973-74 had added about 3.1 percent to the Consumer Price Index, reduced GNP by about 3.6, and added 1.5 percent to the unemployment rate.

These disruptions to the economy, by increasing unemployment and inflation simultaneously, both exascerbate the problem of youth unemployment and impede the use of government macroeconomic and employment policy tools to combat the problem.

In addition to these short run disruptions to the economy, the changed energy situation has long term implications for employment and for the environment in which youth employment policy will be made. Four long term effects of the increased scarcity and price of energy should be noted.

First, over the long term potential U.S. output and productivity will be lower than it would have been with cheap and abundant energy. The rate of growth of output may also be lower over the next decade than it was in the years before energy scarcity became apparent. The basic reason for this is that we must now pay more -- give up more real resources -- for a vital input to production. Energy cannot be produced from domestic sources nor purchased abroad as cheaply as it was in the past. Hence, we must sacrifice more inputs for the same amount of output. This will reduce the potential output from the nation's labor force and capital stock. It may also reduce the overall rate of productive capital accumulation and slow the rate of economic growth.

Second, if energy prices continue to rise -- as is likely -- the increases will contribute to a higher on-going rate of inflation. If we desire to attain a level of price stability comparable to the past, it may require relatively more contractionary fiscal and monetary policies than in the past. This may impose additional constraints on the use of fiscal policy as well as on specific government manpower programs to attack unemployment problems.

Third, the increase in the price of energy relative to other prices in the economy is bringing about changes in the structure of the economy -- the types of goods people consume and how those goods are produced -- that are increasing the demand for labor and creating new jobs. In the aggregate, labor is being substituted for energy. This occurs, for example, because people shift their buying patterns toward services and away from manufactured goods that require a lot of energy to produce and use, and because businesses are seeking ways to use labor to economize on the use of higher priced energy. The additional jobs that are created because of these shifts offset to some degree the number of jobs lost because economic activity is dampened. The following rough estimates provide an outline of this process. Between 1972 and 1976 overall growth in economic output was reduced because of the sharp increase in energy prices. This reduction in economic activity alone would have reduced employment by perhaps as much as 2.8 million jobs, even after recovery from the short term contractionary effects of the price shock that contributed to the recession of 1974-75. But long term employment did not fall nearly that much. Changes in the types of goods consumers were demanding and in the inputs to production created an estimated 2.3 million new jobs, so the net loss in employment that was experienced by 1976 was only .5 million jobs. The substitution of labor for energy is a continuing process. It means that the long term effects of energy price increases should not reduce employment. Output and productivity growth may be reduced, so real wage growth will be less. But the number of jobs should not be reduced by the rise in energy prices itself.

Fourth, while the fact that energy prices are increasing should not reduce employment in the long run, the manner of their increase may create problems. It is quite possible that we will see a replay of the scenario that was acted out in 1973-74 and again this year. After a period of price stability, demand may overtake supply or supply may be interrupted, leading to sharp price jumps and perhaps temporary supply shortfalls. Shocks of this nature disrupt the economy and may bring about a slowdown in economic activity and a rise in unemployment. Perhaps long term order can be established in the world oil market. If not, the potential for increased economic instability exists. Because the demographic groups which persistently have higher unemployment, especially youth, are also the most vulnerable to employment instability, the prospect that the economy may be somewhat more unstable may increase the difficulty of achieving the goals of employment policy.

Concern About the Physical Environment, Health and Safety

Americans enjoyed a rapid rate of growth in output and income from the end of World War II until the beginning of the 1970's, the costs of which were not fully paid at the time. Failure to pay social costs in the form of damage to the physical environment and excessive risks to the health and safety of workers artificially subsidized output growth. These costs were permitted to remain external to the market process and consequently were ignored. It is clear that Americans are no longer willing to ignore these costs. Extensive legislation and regulations to protect the environment and the health and safety of workers have internalized many of these costs, so that they now show up as increased production costs and add to purchase prices. Forcing ourselves to face these costs adds to the level of prices and reduces output growth from what it might be if we could continue to ignore them. This also will mean that real wages may grow more slowly than they would. It does not necessarily mean a reduction of employment. Facing the challenge of meeting the aspirations of our people for a rising standard of living while maintaining a high standard for the treatment of our workers and our environment may well mean increased demand for labor and new job opportunities.

Productivity

The fact that we must pay more for energy, and the recognition that we can no longer afford to boost output at the expense of the health of our workers and our physical environment, may mean that the level of productivity growth will be less than it has been in the past. It has been estimated that the productivity loss over the period 1973-1976 resulting from increased energy prices alone may have been the equivalent of two years growth of the economy.

A slowdown in productivity growth inevitably means a reduction in the rate of growth of average real wages and incomes. Traditional expectations for income gains have not yet adjusted to a lower standard. As the various groups in the economy attempt to maintain desired levels of income growth by increasing prices, wages and profits, the result is greater inflation. Concern about inflation constrains the use of government programs to reduce unemployment.

Employment Policy in the 1980's

I have attempted to highlight some of the key features of the economic environment which will provide the background in the 1980's for policy concerning the labor market problems of youth. One feature of that environment is that there will be fewer young people. The population age 16-19 will fall from its current level of about 17 million to about 13.5 million in 1990. The population age 20-24, now about 20.5 million, will grow to about 21 million in 1981, then fall to about 18 million in 1990. This does not mean that youth employment will not continue to be a priority concern. But it does mean that we should begin to prepare ourselves for problems other than the simple need to generate enough jobs for a burgeoning young population.

Clearly, the major unresolved problem is that reflected in the high rates of unemployment of minority youth. This is not a demographic problem, and it is not likely to be alleviated significantly by prospective demographic changes.

The high rate of unemployment of all youth indicates an inefficient and excessive amount of labor force turnover, search and friction. Better information and better preparation for labor market entry in terms of more appropriate skills, better knowledge of existing job opportunities and more realistic expectations about entry level jobs might reduce excessive search and turnover.

The employment problems of minority youth go far beyond simple considerations of the efficient level of search and turnover. They reflect the continued existence of a fragmented labor market and the legacy of generations of discrimination.

The review of the potential challenges to the economy and to employment policy that may emerge suggests the importance of maintaining and increasing the flexibility of our labor market institutions. A key element accounting for the failure of the labor market to absorb successfully the great influx of youth is wage rigidity. Inasmuch as a high minimum wage compresses the overall wage structure for a period of time until inflation permits differentials to reassert themselves, it may foreclose opportunities for low skill youth to get entry level jobs, and it may make it too costly for employers to provide the on-the-job training that can be an important avenue for skill development. The 1980's will bring a host of opportunities as well as challenges. It would be unfortunate if we fail to maintain sufficient flexibility to benefit from the opportunities.

With a reduction in the rate of population growth and an aging of the labor force, we may begin to move from a period of rapid labor force growth to a period of tighter labor markets and perhaps labor shortage. In the design of federal education, training and employment services, there may need to be less emphasis on youth programs and public sector jobs and more emphasis on retraining and retention of older workers. The pronounced trend toward increased participation of women in the labor force and equality with men of commitment to the labor market may generate increased needs and opportunities for training programs.

Each decade brings challenges and opportunities. The 1980's are no different. One challenge to employment policy of the 1970's, created by the need to accomodate the demographic tidal wave of youth that hit the labor force, will begin to recede in importance, permitting increased concentration on the serious long term problems that remain.

Footnotes

1. These estimates of the economic effects of oil price changes are based on analysis done for the U.S. House of Representative Subcommittee on Energy and Power.
2. These estimates are based on a study of the long term effects of energy price changes done by Edward A. Hudson and Dale W. Jorgenson.

The **Chairman**. We will proceed now to Doctor Adams, and continue through the panel, and then we will have our discussion.

Dr. **Adams**. Thank you, Mr. Chairman.

I am currently serving as research professor of education policy and economics at the George Washington University. I formerly served as Executive Director of the National Commission on Employment and Unemployment Statistics, and I would express at this time my appreciation for the cooperation the Commission received from your committee, Mr. Chairman, and you as an adviser to the Commission. We are one of the few Government agencies that have managed to complete our assignment, close our doors, and go home. For that we are proud.

It is a privilege for me today to appear before you to review some of the underlying causes of youth unemployment and its consequences. I would like to summarize the principal points of my statement as follows: The first point I will make is that demographic trends affecting the supply side of the youth labor market do indeed provide a basis for optimism concerning improvements in youth unemployment in the 1980's, but the outlook on the demand side offers little assurance the problem is going to diminish in the absence of special youth employment policies.

Second, unemployment for many youths can be viewed as a short-term problem with no serious economic consequences, but for some, particularly those out-of-school and blacks, youth joblessness has a scarring effect, adversely affecting subsequent employability and earnings.

The postwar baby boom has been a major force contributing to teenage labor market problems in the 1960's and 1970's. The postwar population explosion dramatically increased the number of teenagers entering the labor force during this period creating enormous pressures on the supply side of the youth labor market and coinciding with a secular increase of youth unemployment, particularly among black teenagers.

The outlook for the 1980's is for a lessening of these pressures as the last of the baby boom population will pass through their teenage years in 1981. Through the remainder of the decade, the teenage population will decrease rapidly, though not for blacks, reflecting the fact that their postwar birth rate peaked later and are declining at a more moderate pace than for whites. As such, black youth will represent a larger fraction of the teenage population as the decade passes. Similar trends are expected for Hispanic youth.

To illustrate this point, using projections from the Bureau of Labor Statistics, black youth currently represent 11 percent of the total teenage labor force, and by the end of the decade, 1990, this is projected to increase under high growth assumptions to nearly 16 percent.

While demographic trends provide a basis for optimism concerning improvements in youth unemployment in the aggregate, economic and social forces on the demand side of the labor market add new concerns. Full employment policies have played an important role in the past affecting youth unemployment. Economic expansions have been closely correlated with improvements in youth joblessness, though the relationship for black teenagers has been tenuous. Current efforts to fight inflation by weakening the commitment to full employment policies will doubtless lead to higher unemployment among those at the margin. Any failure to pursue vigorously the goals of Humphrey-Hawkins will dampen prospective improvements in youth unemployment in the eighties.

The growing number of black youth competing for jobs within deteriorating urban labor markets is also of concern. The continued exodus of unskilled and semiskilled manufacturing jobs, traditionally a major route into employment for new entrants, along with jobs in retail trade from central cities promises to further reduce youth employment opportunities. Youth unemployment rates among teenagers in central cities are already significantly higher than those in the suburbs and nonmetropolitan areas. Hidden unemployment due to discouragement and withdrawal from the labor force is also more prevalent as reflected by the lower labor force participation rates of teenagers in central cities. The continued blight of urban centers together with the fiscal constraints faced by local governments further dampens the outlook for improvements in youth unemployment in this setting during the eighties.

Other labor market barriers to youth may be created. There is presently little concensus among my fellow economists as to the impact of minimum wages on youth unemployment. In congressional hearings on the 1977 amendments to the Fair Labor Standards Act raising the minimum wage, estimates of the jobs to be eliminated ranged from 90,000 to 900,000. The impact clearly depends on whose estimate is correct. Subsequent efforts to further increase the minimum wage will have to consider the potential adverse effect on youth employment.

The declining number of youth jobs associated with the changing occupational structure of our economy during the eighties will also place further demand side pressures on youth employment opportunities.

Though the demographic trends are favorable, this brief review of the forces operating on the demand side of the youth labor market offers little assurance the problem is going to diminish in the absence of special youth employment policies. Moreover, the problem is going to become more visibly a problem of blacks and Hispanics, the very groups who have faired the worst under more favorable conditions.

The question is frequently asked whether youth unemployment is really a serious problem in terms of its economic and social consequences. An important feature of youth unemployment is the situation usually improves substantially as individuals age. When youths reach the age of 25, labor force participation rises, work becomes predominantly full time, and more important, unemployment rates fall to adult levels. This frequently leads to the conclusion that teenage unemployment is a transitory problem experienced by most and not greatly hindering successful assimilation into the labor force.

Beyond, it is argued that the personal hardships associated with youth unemployment are overstated, since many youths continue to live at home and attend school, seeking only part-time work during teenage years. Nearly a third of all unemployed youth 16 to 24 years of age, for example, are enrolled in school. Among teenagers, the proportion approaches 50 percent, with 16- and 17-year-olds reaching 90 percent. To the extent that the job search process and frequent turnover of youth contribute to a better understanding of the operation of labor markets, providing contacts and occupational information, some teenage unemployment may even be thought of as beneficial.

It is true that many unemployed youth live at home and attend school incurring little personal hardship, but it is also a fact that slightly over 50 percent of the unemployed teenagers are not enrolled in school. A substantial proportion of these youths and many among those who are enrolled have formed their own households; and for them, unemployment may in fact be associated with personal hardship. For other youth who continue to live at home in low-income families, joblessness is directly linked to personal hardship.

The personal hardship associated with youth unemployment is, of course, an important consequence, but perhaps more important is the potential longer term effect on the skills, attitudes, and aspirations of the individual. Very little has been known about this dimension of the problem until the recent study of a national sample of youth 16 to 24 years of age who were followed over a period of several years in the midsixties and early seventies.

The analysis of these data, known as the national longitudinal surveys, suggests that teenage unemployment is more than a transitory problem for some youths. In a study of these data I recently completed for the W. E. Upjohn Institute for Employment Research with my former colleagues at the University of Utah, joblessness among out-of-school teenage youths was found to be associated with an earnings disadvantage during early adulthood. The earnings disadvantage was largest for young blacks whose earnings during their midtwenties fell 20 to 30 percent below other young blacks who were out of school during their teenage years but employed, education and other personal characteristics being held constant.

These findings have been corroborated by several more recent studies. The results suggest that joblessness among out-of-school teenage youth, but not in-school youth, defines an important target population that can expect to find labor market assimilation difficult. Together with findings that years of school completed and postschool occupational training used on the job are strongly correlated with subsequent earnings for whites and blacks alike, the results are of considerable importance to public policy. The results confirm that marketable skills can be learned on the job or in school and that periods spent out of school and either voluntarily or involuntarily without work, represents a loss that is likely to be felt for years. Labor market policies aimed at providing jobs for out-of-school jobless youth will pay dividends both immediately and for years to come.

It is my view that youth unemployment requires a well-targeted approach by public policy. Not all youth unemployment is harmful and some, in fact, may be beneficial through providing a better understanding of how labor markets work. That which is harmful, however, occurs among youth in low-income families and among teenage youth out of school and jobless. The impact is greatest for black youth, many of whom are clustered in large urban centers surrounded by a decaying economic and social environment. It is these youth to whom policy should be targeted.

There is no single program or policy that will address the youth unemployment problem. General policies concerned with full employment, urban development, immigration, and affirmative action are important elements of a comprehensive solution to the problem. Specific youth labor market policies focusing on jobs and skill development are also important. As policies, these are not new. What is new is the evidence supporting them and the confidence offered policymakers for decisions formerly based on hunches. For perhaps the first time, evidence exists which links the early employment of out-of-school teenage youth to their subsequent employability and earnings. As such, this adds new emphasis and urgency to youth job creation efforts.

A well-targeted program of jobs for youths will address not only the short-term personal hardships associated with youth unemployment, but the longer term scarring effects as well. Youth job creation efforts represent a lifetime investment. These efforts should complement, not compete, with a program of skill development, however. There is no substitute for education. The strong positive returns to schooling observed, or whites and blacks in the seventies today reinforce this point. Keeping youth in school should have the highest priority. Job creation efforts should be structured with this objective in mind. For those youth who leave school, however, options in the form of training and basic education should be offered along with jobs.

Job creation and skill development together offer constructive solutions to the youth unemployment problem. The outlook ahead suggests this problem will not diminish of its own accord. Strong policy responses are needed, which must include participation of the private sector, where 80 percent of the jobs are located. In calling for policies of job creation and skill development, I would like to add some comments on each in terms of their relative importance.

Job creation, as I have suggested, must involve the private sector where 80 percent of all jobs are located. I happen to believe it is a lot easier to pull a rope than to push a rope. And to encourage youth to stay in school to develop skills necessary for successful labor market assimilation, one has to provide jobs and career opportunities.

Employment opportunities must be opened and available to youth, minority youth in particular, as an incentive for investing in skills. The development of these opportunities requires provision of ample investment incentives for the economy as a whole.

Full employment policies therefore play a critical role in any response to the youth employment problem. I do not support policies that accept high levels of unemployment and involve the redistribution of employment opportunities among labor force groups. Such policies are divisive. You cannot take jobs from one group in the labor force, and give them to another without creating a divisive environment for public policy. The real solution begins with job creation and provision of adequate employment opportunities for all Americans. Jobs will provide incentives for youth to invest in education and training.

Mr. Chairman, as you know the youth employment demonstration projects will be up for reauthorization in 1980. I strongly support the provisions of this legislation designed to build better linkages between education and work.

In the past I have been struck by the absence of communication between our education and work institutions. They have not communicated effectively regarding their expectations, roles, and responsibilities for the transition of youth to adulthood. I support the building of linkages between education and work institutions.

The opportunity for building these linkages now is unique. In the decade ahead the declining number of youth entering elementary and secondary education will clearly affect the market for education and the demand for its services. In seeking ways to preserve its market, education will be encouraged to accept new roles and responsibilities for preparing youth for the world of work. Moreover, pressures created by declining achievement scores and concern for the quality of education will reinforce education's responsiveness to the forces of institutional change. These conditions offer a unique opportunity for encouraging the education community to expand its role beyond that of basic skill development to include the preparation of youth for the world of work and the building of linkages with the employment community.

It is my hope that the private industry councils now being formed in local communities as part of CETA's private sector initiatives, will join from the other side in developing and building these linkages. I would like to thank the committee for the opportunity to present this statement and I will be happy later to answer any questions you may have.

The CHAIRMAN. Thank you very much. That was a very helpful presentation. We will continue through the panel.

[The prepared statement of Dr. Adams follows:]

Prepared Statement of Arvil V. Adams, Research Professor of Education Policy and Economics, The George Washington University

Mr. Chairman and Members of the Committee:

I am Arvil V. Adams, Research Professor of Education Policy and Economics, the George Washington University. It is a privilege for me to appear before you today to review some of the underlying causes of youth unemployment and its consequences. The principal points of my statement are summarized as follows:

-Demographic trends affecting the supply side of the youth labor market provide a basis for optimisim concerning improvements in youth unemployment in the 1980s, but the outlook on the demand side offers little assurance the problem is going to diminish in the absence of special youth employment policies.

-Unemployment for many youths can be viewed as a short-term problem with no serious economic consequences, but for some, particularly those out-of-school and blacks, youth joblessness has a scarring effect, adversely affecting subsequent employability and earnings.

The Outlook for Youth Unemployment

The postwar baby boom has been a major force contributing to teenage labor market problems in the 1960s and 1970s. The postwar population explosion dramatically increased the number of teenagers entering the labor force during this period creating enormous pressures on the supply side of the youth labor market and coinciding with a secular increase of youth unemployment, particularly among black teenagers.

The outlook for the 1980s is for a lessening of these pressures as the last of the baby boom population will pass through their teenage years in 1981. Through the remainder of the decade, the teenage population will decrease rapidly, though not for blacks, reflecting the fact that their postwar birth rates peaked later and are declining at a more moderate pace than for whites. As such, black youth will represent a larger proportion of the teenage population as the decade passes. Similar trends are expected for Hispanic youth.

While providing a basis for optimism concerning improvements in youth unemployment in the aggregate, economic and social forces on the demand side of the labor market introduce new concerns. Full employment policies have played an important role in the past affecting youth unemployment. Economic expansions have been closely correlated with improvements in youth joblessness, though the relationship for black teenagers has been tenuous. Current efforts to fight inflation by weakening the commitment to full employment policies will doubtless lead to higher unemployment among those at the margin. The failure to pursue vigorously the goals of Humphrey-Hawkins will dampen prospective improvements in youth unemployment.

The growing number of black youth competing for jobs within deteriorating urban labor markets is also of concern. The continued exodus of unskilled and semiskilled manufacturing jobs, traditionally a major route into employment for new entrants, along with jobs in retail trade from central cities promises to further reduce youth employment opportunities. Unemployment rates among teenagers in central cities are already significantly higher than those in the suburbs and non-metropolitan areas. Hidden unemployment due to discouragement and withdrawal from the labor force is also more prevalent as reflected by the lower labor force participation rates of teenagers in central cities. The continued blight of urban centers together with the fiscal constraints faced by local governments further dampens the outlook for improvements in youth unemployment in this setting.

Increasing competition for the part-time and low-skill jobs held by many youths from other labor force groups adds to this concern. Youth will find increased competition from women whose labor force participation rates will climb further in the 1980s. In addition, an emerging source of competition may be found among older workers who, increasing in number, will find the part-time employment sought by many teenagers an attractive means to supplement retirement income and ease economic pressures created by inflation. The nation's growing number of undocumented workers, now estimated with considerable uncertainty between 4 and 12 million, moreover, will doubtless compete for many youth jobs.

Other labor market barriers to youth may be created. There is presently little concensus among my fellow economists as to the impact of minimum wages on youth unemployment. In Congressional hearings on the 1977 amendments to the Fair Labor Standards Act raising the minimum wage, estimates of the jobs to be eliminated ranged from 90,000 to 900,000. The impact clearly depends on whose estimate is correct. Subsequent efforts to further increase the minimum wage will have to consider the potential adverse effect on youth employment.

Though the demographic trends are favorable, this brief review of the forces operating on the demand side of the youth labor market offers little assurance the problem is going to diminish in the absence of special youth employment policies. Moreover, the problem is going to become more visibly a problem of blacks and Hispanics, the very groups who have faired the worst under more favorable conditions.

Youth Unemployment As A Social Problem

The question is frequently asked whether youth unemployment is really a serious problem in terms of its economic and social consequences. An important feature of youth unemployment is the situation improves substantially as individuals age. When youths reach the age of 25, labor force participation rises, work becomes predominately full-time and, more important, unemployment rates fall. This frequently leads to the conclusion that teenage unemployment is a transitory problem experienced by most and not greatly hindering successful assimilation into the labor force.

Beyond, it is argued that the personal hardships associated with youth unemployment are overstated, since many youths continue to live at home and attend school, seeking only part-time work. Nearly a third of all unemployed youth 16 to 24 years of age, for example, are enrolled in school. Among teenagers, the proportion approaches 50 percent, with 16 and 17 year olds reaching 90 percent. To the extent that the job search process and frequent turnover of youth contribute to a better understanding of the operation of labor markets, providing contacts and occupational information, some teenage unemployment may even be thought of as beneficial.

It is true that many unemployed youth live at home and attend school incurring little personal hardship, but it is also a fact that slightly over 50 percent of the unemployed teenagers are not enrolled in school. A substantial proportion of these youths and many among those who are enrolled have formed their own households; and for them, unemployment may in fact be associated with personal hardship. For other youth who continue to live at home in low income families, joblessness is directly linked to personal hardship.

The personal hardship associated with youth unemployment is, of course, an important consequence, but perhaps more important is the potential longer-term effect on the skills, attitudes, and aspirations of the individual. Very little has been known about this dimension of the problem until the recent study of a national sample of youth 16 to 24 years of age who were followed over a period of several years in the mid-1960s and early 1970s.

The analysis of these data, known as the National Longitudinal Surveys, suggests that teenage unemployment is more than a transitory problem for some youths. In a study of these data I recently completed for the W.E. Upjohn Institute for Employment Research with my former colleagues at the University of Utah, joblessness among out-of-school teenage youth was found to be associated with an earnings disadvantage during early adulthood. The earnings disadvantage was largest for young blacks whose earnings during their mid-20s fell 20 to 30 percent below other young blacks who were out of school during their teenage years but employed, education and other personal characteristics held constant.

These findings have been corroborated by several more recent studies. The results suggest that joblessness among out-of-school teenage youth, but not in-school youth, defines an important target population that can expect to find labor market assimilation difficult. Together with findings that years of school completed and post-school occupational training used on the job are strongly correlated with subsequent earnings for whites and blacks alike, the results are of considerable importance to public policy. The results confirm that marketable skills can be learned on the job or in school and that periods spent out of school and either voluntarily or involuntarily without work, represent a loss that is likely to be felt for years. Labor market policies aimed at providing jobs for out-of-school jobless youth will pay dividends both immediately and for years to come.

Public Policy and Youth Unemployment

It is my view that youth unemployment requires a well-targeted approach by public policy. Not all youth unemployment is harmful and some, in fact, may be beneficial through providing a better understanding of how labor markets work. That which is harmful, however, occurs among youth in low income families and among teenage youth out of school and jobless. The impact is greatest for black youth, many, of whom are clustered in large urban centers surrounded by a decaying economic and social environment. It is these youth to whom policy should be targeted.

There is no single program or policy that will address the youth unemployment problem. General policies concerned with full employment, urban development, immigration, and affirmative action are important elements of a comprehensive solution to the problem. Specific youth labor market policies focusing on jobs and skill development are also important. As policies, these are not new. What is new is the evidence supporting them and the confidence offered policymakers for decisions formerly based on hunches. For perhaps the first time, evidence exists which links the early employment experience of out of school teenage youth to their subsequent employability and earnings. As such, this adds new emphasis and urgency to youth job creation efforts.

A well-targeted program of jobs for youths will address not only the short-term personal hardships associated with youth unemployment, but the longer-term scarring effects as well. Youth job creation efforts represent a lifetime investment. These efforts should complement not compete with a program of skill development, however. There is no substitute for education. The strong positive returns to schooling observed for whites and blacks today reinforce this point. Keeping youth in school should have the highest priority. Job creation efforts should be structured with this objective in mind. For those youth who leave school, however, options in the form of training and basic education should be offered along with jobs.

Job creation and skill development together offer constructive solutions to the youth unemployment problem. The outlook ahead suggests this problem will not diminish of its own accord. Strong policy responses are needed. Without these responses, the longer-term consequences of the problem for some youths will perpetuate social and economic inequality. Thank you for the opportunity to present this statement. I will now try to answer any questions you may have.

The CHAIRMAN. Dr. Osterman, please.

Dr. OSTERMAN. Thank you, Senator.

I believe that the problems of youth employment and unemployment are very important, and I have spent several years of my life working on them, but I also think it is important to make a serious effort, particularly in an era in which social policy programs are coming under attack, to identify just what is important and what is not and where resources should best be directed.

I am going to start off by talking briefly about what is not important in my view. I will then talk about what is important, namely, rising unemployment rates of black teenagers. I will offer some explanations about why unemployment rates for black teenagers have risen.

Having done that, I will say a few words about policy and I will try and make my policy suggestions follow the analysis of the problem.

First: What is not important or what is less important? Basically, the unemployment rates of white teenagers are not out of line with what we would expect given the point in the business cycle. In 1954, 50 percent of the 16- to 19-year-old white males were employed. In 1978, that figure had risen to 56 percent. The figures for women were 36 percent and 49 percent. The employment picture of the white teenagers has, in fact, improved in the past 20 years.

White teenagers have been able to find jobs and have found jobs at a rate that has kept pace with their population increase.

Second: Unemployment for teenagers is, by and large, a natural part of the labor market entry. When youth leave school, in the first several years they are not seriously interested in work. Rather they are interested in sex, in adventure, and peer group activities, and working is simply a way of earning money for those activities. At the same time, teenagers work in firms that are not interested in stable employment—fast food chains, gas stations, and so forth. The so-called dead-end jobs that we have been talking about are for these youth perfectly adequate jobs. Unemployment is a perfectly natural outcome of this process of entry.

Where Secretary Wirtz explained that he had as a young person worked in these kinds of jobs, I am also sure that he experienced unemployment during that period.

The pattern of the labor market entry that I described has been a pattern that existed in the American economy for over a hundred years, and it is a problem which, if we want to address, requires very deep structural changes, both in the way youth view work and in the way firms view youth. We can talk about what kind of changes are involved, but I, for one, would argue that most youth do fairly well as it is.

What then is the problem? The problem is minority youth.

In 1954, 52 percent of all black teenagers were employed. In 1978, 30 percent were employed. For women, the figure in 1954 was a dismally low 25 percent. In 1978, it was 23 percent. It is clear that for this group there is a very serious problem. That is what I want to talk about.

There are two ways of thinking about why that problem exists. One way is to ask why is the black teenage unemployment higher than white teenage unemployment, roughly twice as high? What explains the difference in the levels?

The second question is why has the situation deteriorated over time. Those are two different questions and requires somewhat different explanations.

Let me go through a series of answers that various people have offered, giving you my evaluation of those answers.

Is it the baby boom? No. The reason it is not the baby boom is because white teenagers have done quite well in the face of a rising teenage population.

Second, were it the baby boom, then the increase in the number of black teenagers would have an effect on the white teenage employment as well as that of blacks. If employers viewed black teenagers as they do white teenagers, as identical workers, then the increase in the black population would have symmetrical effects.

Is it education? Are black teenagers in some sense less well qualified than white teenagers? The answer to that is a qualified yes, a certain amount of the differential in the unemployment rate between black and white teenagers is due to training. But that cannot explain the worsening of the black teenage situation over time because black teenage qualifications have improved sharply in the last 15 years. Black teenagers stay in school longer and more black teenagers are graduating from college and high school. At the same time that their educational and other qualifications have improved, their employment situation has worsened.

Is it job contact network? Whites find jobs through uncles, fathers and mothers who know people who work in firms, and the firms prefer to hire people that way because it gives them some information about the person's character. We have all found jobs that way. That is a very important way of finding jobs. In a labor market that has historically discriminated against blacks, blacks will have fewer such contacts. As a result, they will have more trouble finding jobs and, as a result, the unemployment rates will be higher.

Again, while this is an important factor, that factor cannot explain the worsening situation over time because there is no reason to believe that black job contact networks have worsened over time.

Is it because black teenagers in some sense do not want to work? Is the availability of welfare a factor, availability of illegal income a factor? The answer is no. The evidence is that unemployed teenagers almost invariably will take the first job they are offered, blacks and whites. There is no evidence in the economics or sociology literature that work orientation differs in important ways between black and white teenagers. Furthermore when jobs are available, when the economy is going well, black teenagers take those jobs. Their unemployment rate is very sensitive to the national unemployment rate.

Is it suburbanization? No. It is true that jobs have left central cities, but so have white teenagers. They have also moved to the suburbs. The actual competition in central cities facing black youth for jobs has improved because of the flow of population to the suburbs as well as the flow of jobs to the suburbs.

So what is it? I would argue very strongly that the problem is basically racial discrimination. Racial discrimination has persisted in the labor market and continues to be the source of problem. Currently, the basic problem is that employers are substituting other workers for black teenagers. They are substituting white teenagers. They are substituting adult women whose labor force participation rates have risen, and they are substituting undocumented workers, illegal aliens. These groups have become plentiful in the labor market and employers have substituted away from black teenagers toward these groups.

As a consequence, black teenage unemployment rate has risen.

Now a few words about policy. First, let me talk about delivery of policy.

Too often, I think the issue of delivery is ignored and we talk about what policy should be. I have evaluated programs and I have three observations to make. CETA programs for youth in most cities are heavily oriented toward income maintenance program for inschool youth. This, I believe, is the wrong target group. The needs of out-of-school youth are greater. The reason the programs are oriented toward that group is that neighborhood youth corps programs run by community organizations have been in existence for 15 years and the community organizations have a strong constituency. The prime sponsors have no incentives from the Federal Government to change the pattern. Why have the primes no incen-

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tives? Largely because the Department of Labor has not been able to adequately monitor either program quality or program targeting.

Unless the Department of Labor provides prime sponsors with incentives to change the target group and to monitor program quality, we can talk at great length about what programs can be, but, in fact, programs will not be very good.

What should the content of policy be? I can think of three categories of policies. One is income maintenance. Hopefully, to the extent that we fund them these progams provide useful community output. The second category is programs designed to change the nature of the kids themselves; basic education, training programs, work habits. These programs are based on the assumption that the problem lies with the kids. There are certain kids with whom this is correct. But they constitute a small fraction, in my view, of the unemployment problem. It is important for these kids to have good programs, programs which are serious enough and long enough to help. We talk about this. But these programs are overly emphasized now.

The third category is placement. The key is to place black youth into the private sector. In the 1960's we had the job programs which sought to do this. We now have the private sector initiatives. The real difficulty is that we have not thought seriously about how to induce or coerce the private sector into following through.

If I am correct that real problem is racial discrimination I find it difficult to believe that the private sector initiatives programs operating on the purely voluntary basis with very few incentives to private firms will succeed. Perhaps I am wrong. The history of the NABS job program leads one to believe that I am not wrong.

The second issue, in addition to training programs, is education. The key to education seems to be to encourage youth to go to college. We have fads about career education, school to work transition, et cetera. Those programs are not fundamental. It makes very little difference for a youth whether he or she graduates from high school and then enters the labor market or drops out of high school. The key thing in terms of economic payoffs is attending college. That means what we really need to think about is improving the quality of the basic education in schools. Other programs such as guidance or career education and so forth are unlikely to succeed largely because most youth simply as a matter of natural course leave school, mess around in the labor market for several years, and then settle down. Much of what schools might accomplish get lost in that messing around.

Finally, and this is a fundamental point, without a strong economy black teenagers will not find jobs. There is no other policy which will get as many jobs for black teenagers as would full employment or movement toward full employment.

In the end, I believe the problem is not a technical one, thinking about issues, identifying model programs and putting them in place. If you read the history of youth programs in the New Deal, for example the National Youth Administration, you will find that the programs that are virtually identical to the ones we are talking about. The real problem is developing the political will to implement programs that seek to end racial discrimination in the labor markets. What the New Deal programs also did was to explicitly decide not to intervene in the structure of labor markets, and unless we are willing to intervene in the structure of labor markets, we will not be able to get jobs for black teenagers.

Thank you.

[The following material was supplied for the record:]

The Employment Problems of Black Youth:
A Review of the Evidence and Some Policy Suggestions

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Executive Summary

This paper falls into two parts. The first section examines the evidence concerning the poor employment prospects of black relative to white youth. The second part discusses policy.

The paper begins by distinguishing between two issues: why black unemployment is higher than that of white youth and why the trend has worsened over time. Some explanations--such as the inability of blacks to make as effective use as whites of informal job contact networks--can help explain the differential success of the groups but cannot explain the adverse trend (since there is no reason to believe that the contact networks of blacks has worsened). The paper also argues that it is more helpful to focus upon the sluggish employment growth for black youth than unemployment rates because the measurement and meaning of unemployment in the youth labor market is ambiguous.

The paper then examines the impact of two secular developments--the increasing school enrollments of black relative to white youth and the migration of blacks from the south to the north--which might lead to a decline in the black relative to white employment rates without signaling labor market pathology. The school trend could have this effect because the employment rate of in-school youth is lower than that of those out-of-school and thus, since more blacks are staying in school longer (and whites leaving earlier), the employment picture for blacks should appear to worsen. The data indicate that a non-negligible fraction of the worsening differential is due to this factor but that a large gap remains. On the other hand, the migration from the south does not appear to be an important consideration.

The paper then examines three possible explanations which are based upon shifts in the structure of local labor markets. These are the suburbanization of jobs, which might worsen the job prospects of black youth trapped in the inner city; the rising labor force participation of adult women and growing numbers of illegal aliens, both of which might pose competition for black youth; and the decline of youth intensive jobs, which would make jobs hard to find for black youth at the bottom of the hiring queue. The available evidence suggests that black youth have suffered because of the rise of competing groups and the decline of youth jobs but that the suburbanization of jobs has not been an important factor.

The paper then turns to the issue of whether the personal characteristics or behavior of black youth are responsible for their employment problems relative to white youth. One possibility is that racial differences in attitudes and expectations are important. However, available evidence rejects this explanation. Another possibility is that racial differences in qualifications, such as education, are important. The evidence suggests that this consideration plays a role in explaining the differential but that it cannot help explain the trend over time since the qualifications of blacks relative to whites have been improving.

Finally three issues concerning the operation of the market are examined. First, as noted earlier, access to informal job contact networks are less satisfactory for blacks than whites but this consideration cannot explain the adverse trend. Second, some argue that the minimum wage and affirmative action pressures have forced employers to pay too high a wage to blacks, thus reducing their employment, but the available evidence does not support this assertion. Finally, this section concludes by arguing that the central explanation is continued racial discrimination and that many of the factors previously identified--such as the substitution of competing groups--are descriptions of how discrimination operates in the market.

The second section examines policy. The first point is that the policy most likely to help young blacks is to move the economy closer to full employment. Not only will this directly improve the situation but it will make other policies easier to implement. The paper then discusses two strategies for policy: increasing the number of jobs available for young blacks and altering the share of jobs captured by young blacks within a fixed pool. The former approach includes job creation programs. The latter approach in turn falls into two parts. For those youth who cannot find jobs because of personal problems the paper describes some principles for helpful service programs. For the larger group who are job ready, or almost job ready, but cannot find jobs because of racial discrimination the paper argues for intervention into the demand side of the labor market. The major challenge facing CETA is to find ways to encourage or prod the private sector into hiring more minority youth.

Introduction*

The Nature of the Problem

The high unemployment rates experienced by young blacks seem of such magnitude as to obviate the need for any further discussion of the scope and nature of the problem. However, it will pay to spend some time more carefully defining what we will need to explain.

As a first point it appears that the unemployment rate is not the best measure with which to work. Unemployment is a measure of the number of people who are in the labor force who are looking for work and unable to find it. The difficulty with this measure is that labor force participation in the youth labor market is a slippery concept. Youth, more than other demographic groups, move in and out of the labor force with considerable frequency. Many youth who are employed leave the labor force when they lose or quit their jobs, and many youth who are reported out of the labor force move directly from this status to employment without an intervening period of job search or reported unemployment (Clark and Summers, Smith and Vanski). As a result the conventional labor force categories are less useful in the case of youth. A better measure of labor force success is the employment to population ratio, i.e. the fraction of the cohort which is employed. This measure is not without its own defects (for some groups, especially women, the conventional labor force categories retain value). In addition, even the measurement of employment is questionable in the youth labor market: different surveys report substantially different employment rates (Freeman and Medoff, 1979a). Nonetheless, on balance it appears to be the preferable measure.

What then is the experience of youth blacks and whites in terms of this measure? Table I contains the employment to population ratios for the four 16-19 year old sub-groups as well as the racial ratios for men and women. Several facts

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*Russell Williams provided excellent research assistance for this paper.

Table I

EMPLOYMENT TO POPULATION RATIOS

16-19 Year Olds

Year	Men White	Men Black	Men Black/White	Women White	Women Black	Women Black/White
1954	.50	.52	1.05	.36	.25	.68
1955	.52	.52	1.00	.37	.26	.71
1956	.54	.52	.97	.39	.28	.72
1957	.52	.48	.92	.38	.27	.70
1958	.47	.42	.88	.35	.23	.65
1959	.48	.42	.86	.35	.20	.58
1960	.48	.44	.91	.35	.25	.70
1961	.46	.42	.91	.35	.23	.67
1962	.47	.42	.90	.35	.23	.67
1963	.45	.37	.84	.33	.21	.64
1964	.45	.38	.84	.32	.22	.67
1965	.47	.40	.84	.34	.20	.60
1966	.50	.40	.80	.38	.23	.61
1967	.50	.39	.78	.38	.25	.66
1968	.50	.39	.78	.38	.25	.65
1969	.51	.39	.76	.40	.25	.63
1970	.50	.31	.72	.40	.23	.57
1971	.49	.32	.64	.39	.20	.52
1972	.52	.32	.63	.41	.20	.48
1973	.54	.34	.63	.44	.23	.52
1974	.54	.32	.59	.44	.22	.51
1975	.51	.28	.54	.43	.22	.51
1976	.52	.27	.53	.44	.20	.46
1977	.55	.27	.50	.46	.20	.44
1978	.56	.30	.52	.49	.23	.48

stand out:

(1) White men have been able to maintain their position, their employment to population ratio has not declined since the late 1960's and if anything shows a slight secular improvement.

(2) Black men have not been so fortunate: their employment to population ratio - which was roughly equal to that of white men until the early 1960's - has shown a steady decline since then. Hence their situation has worsened, both absolutely and relative to white men.

(3) White women have experienced a sharp increase in their employment to population ratio since the mid 1960's. The ratio hovered around .35, subsequently it has been near .45. This sharp increase is due to a rising labor force participation rate in this group; in 1965 the rate was .39, in 1975 .52.

(4) The situation of black women has not deteriorated appreciably in absolute terms but is wel [illegible] that of white women (and both groups of men) and has worsened relat[illegible] to white women as the latter groups' rate has risen.

There are clearly two issues which require explanation. We want to understand why the absolute difference exists between the experience of blacks and whites (e.g. why the employment to population ratio in 1978 for white men was .56 while for black men it was .30) and why the situation has deteriorated over time. Although related, these are two distinct issues. For example, we will see that there is some evidence that blacks have poorer access than whites to job contact networks. This can help explain the level difference but it cannot help explain the trend; there is no reason to believe that the contact networks of blacks has worsened or those of whites improved over time.

There are, of course, two possible explanations of a deteriorating employment to population ratio. One can either focus on trends in the numerator (employment) or the denominator (population). The latter naturally leads to a consideration of the baby boom. The postwar years saw rapid increases in cohort sizes and popular commentators have made much of this as a source of youth unemployment. In fact, the labor market responded quite well to this influx as evidenced by the ability of white youth to maintain or improve their labor market position. The baby boom was, however, sharper for blacks than whites: between 1960 and 1970 the size of the white 16-19 cohort grew by 41.0% while that of blacks grew by 67.5%. It might be argued that this different demographic experience is responsible for the racial variance in employment to population ratios. This argument, however, does not stand careful scrutiny. If black and white youth were alike in all other respects and treated alike by the labor market then an increase in the size of either cohort would have symmetrical effects on the other. Thus, without an explanation of how and why the two groups differ or are treated differently, a recourse to the baby boom is without power.* This suggests that the proper focus is upon the factors which have retarded the growth of black youth employment. Between 1968 and 1978, 16-19 year old black youth employment grew only by 14%. Furthermore, a substantial (but impossible to accurately assess) portion of the black employment growth was due to federal training slots. Why are black employment levels below those of whites and why the differential in growth? These are the central questions.

Income or Race?

It might be legitimately asked whether the problems faced by black youth are actually due to their race or rather whether the real force at work is family income. Do we miss this fact because blacks are more likely to come from poor families? A simple way to test this is to examine the situation of black and white youth holding family income constant. This is done in Table II below. As is apparent, even when controlling for family income, very significant racial disparities remain. This is particularly true among the younger group where the racial differential is little different than in uncontrolled data. For 20-24 year olds the inclusion of family income controls reduces the differential but, with the exception of the oldest non-disadvantaged female group, a disturbingly large gap remains.

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*This assumes that all else is constant. One possible source of higher unemployment for the more rapidly growing group is that a larger fraction of that group is composed of new entrants who tend to experience higher unemployment. Robert Flanagan (1976) uses a variant of this argument by suggesting that the entrant rate has been higher for blacks in recent years because they have been drawn into the labor market by rising expectations of better treatment. This argument is difficult to reconcile with the secular decrease in black youth participation rates for both the in-school and out-of-school groups. Any reconciliation would require a very sharp decrease in participation among the experienced out-of-school groups and this itself would be a sign of an important pathology.

Explaining the Patterns

The trends outlined in the previous section have been fairly widely recognized. There is not, however, any generally accepted set of explanations. One reason is that the patterns themselves are deceptively simple. Underlying the secular changes are other developments such as changing enrollment patterns, the business cycle, migration, and the like. These economy-wide trends have an effect upon the youth labor market and need to be considered. It is possible that treatment of black youth or their position in the labor market has either remained static or even improved but that this has been masked by other developments. On the other hand, it is also possible (and I think true) that the position of black youth has worsened, even holding these other trends constant. We thus want to distinguish analytically between the extent to which the worsening position of black youth is due to concurrent events in the economy and the extent to which it is due to changes in how black youth are treated.

The next section will take up explanations which fall into the former category. These include changing enrollment patterns, migration, and the business cycle. Then the paper will examine several explanations which focus upon changes in the treatment and behavior of black youth.

Table II

Employment to Population Ratio of Youth March, 1978 by Family Income Status in 1977

	Disadvantaged				Non-Disadvantaged			
Age	White Male	Black Male	White Female	Black Female	White Male	Black Male	White Female	Black Female
16-17	.28	.11	.22	.11	.44	.11	.41	[illegible]
18-19	.56	.32	.40	.14	.62	.42	.58	.40
20-21	.59	.45	.40	.21	.72	.69	.67	.63
22-24	.64	.49	.34	.30	.84	.79	.75	.84

Source: Unpublished Department of Labor Tabulations.

Note: The categories "advantaged" and "disadvantaged" are based upon family income which includes the earnings of the youth. This makes comparisons across the two income categories difficult for the older groups because many are living alone and thus those experiencing employment problems will tend to fall into the disadvantaged category.

Enrollment and Regional Shifts

This section will examine the impact of two secular changes in the status of black youth: their growing enrollment rates and the movement of blacks from the South. Both developments might be expected to play some role in the decline of the black youth employment to population ratio. In the instance of school enrollments the case is quite clear: in-school youth have lower labor force participation rates than their out-of-school brethern and as a consequence their employment to population ratios are lower. Therefore, as a growing fraction of black youth remain in school — a development most observers would applaud — a side consequence will be a decline in the overall employment to population ratio of the cohort. This decline is most likely not a source of concern and it is important to get a sense of its magnitude. The impact of the movement from the South is less clear. In part this represents a decline in the importance of farm employment to blacks and since farm youth seem likely to have higher reported employment to population ratios the situation is similar to that of enrollment rates. On the other hand, a movement out of the region where racial discrimination is often thought to be the most virulent might be expected to raise the black employment to population ratio.

Turning first to school enrollments, the basic trends are reported in Table III below. Two facts are apparent: the enrollment rates of young blacks have beeen rising and the enrollment rates of whites have been on the decline. Together these trends, for the reasons noted above, would imply that black employment to population ratios would decline, both absolutely and relative to those of whites (it should be noted that the 1975 figures probably understate enrollment rates relative to 1960 and 1970. The 1960 and 1970 data are taken from the Census which records actual school enrollment while the 1975 figures are taken from the

Table III

Enrollment Rates, 1960-1975

	1960	1970	1975
16-19 Year Olds			
White Male	.71	.79	.63
Black Male	.61	.67	.70
White Female	.61	.70	.60
Black Female	.56	.64	.61
20-24 Year Olds			
White Male	.22	.31	.17
Black Male	.13	.16	.18
White Female	.10	.17	.11
Black Female	.09	.11	.11

Source: 1960, U.S. Census Summary, Vol, I, Table 253; 1970, U.S. Census Summary, Vol. I, Table 289; 1975, May 1975 Current Population Survey Tape

Current Population Survey which asks for the major activity in the past week. Thus, part-time enrollments are likely to be missed in 1975. However, the trends are unmistakable).

A useful technique for determining the importance of these developments is to ask what black and white employment to population ratios would have been at time "t" if they faced the labor market situation existing at that time but had the enrollment patterns which existed at time "t-1". In other words, in time "t" (say 1970 or 1975), I will assign the then existing employment to population ratio within each enrollment class but will distribute the youth across the classes according to their "t-1" (say 1960) distribution. Thus, if the hypothetical 1975 employment to population ratio is higher than the actual ratio then the difference represents the extent to which the black ratio declined due to shifts in enrollment patterns as opposed to shifts in how blacks are treated in the labor market.

The following two tables show the results of these calculations for the period 1960-1975 and 1970-1975. The findings clearly confirm out expectations and the strength of the effects are quite strong. The greatest movement, not suprisingly, is for the entire 1960-1975 period. Here we observe, for example, that the employment to population ratio for 16-19 year-old black men would have been .29 had the enrollment shifts not occurred but because of these shifts, the ratio was .25. This, in itself, may not seem like a large difference, and .29 is still a clearly unacceptably low rate, but taken with the effect working in the opposite direction for whites (their enrollment rates declined over the period) it raises the racial ratio from .50 to .60. Again, a ratio of .60 is not within an acceptable range but it is non-trivially higher than .50. Similar effects are apparent for all sub-groups.

The effects in the 1970-75 period are considerably smaller for blacks but larger for whites. This reflects the sharp decline in school enrollment

Table IV

Impact of Enrollment Rate Changes, 1960-1975

	Actual Employment to Population Ratio, 1975	Black/White	Hypothetical Employment to Population Ratio, 1975	Black/White
16-19				
White Male	.50		.48	
Black Male	.25	.50	.29	.60
White Female	.41		.41	
Black Female	.20	.49	.23	.56
20-24				
White Male	.74		.71	
Black Male	.59	.80	.62	.87
White Female	.57		.58	
Black Female	.44	.77	.46	.79

Source: See Previous Table

Table V

Impact of Enrollment Rate Changes, 1970-1975

	Actual Employment to Population Ratio, 1975		Hypothetical Employment to Population Ratio, 1975	
16-19		Black/White		Black/White
White Male	.50	.50	.45	.57
Black Male	.25		.26	
White Female	.41	.49	.39	.51
Black Female	.20		.20	
20-24				
White Male	.74	.80	.63	1.00
Black Male	.59		.63	
White Female	.57	.77	.56	.80
Black Female	.44		.43	

Source: See Previous Table

reported in the CPS, and it should be remembered that this effect may be exaggerated. These findings do raise the question of whether the deterioration in black relative to white youth labor market prospects is an artifact of the change in enrollment patterns (they obviously do not cast any doubt on the level of treatment of black youth: even after these corrections their employment to population ratios are well below those of whites). A useful way to get at this issue and control for enrollment rates is to examine the relative treatment of out-of-school youth. Table VI reports the ratio of the black-to-white employment to population ratio for non-enrolled youth over the period 1964-1977. It is apparent that in each sub-group, the situation of black relative to white youth has worsened in recent years. It seems clear then that our earlier perception concerning trends over time remains correct (although a certain amount of the trend even in the out-of-school group may be due to the shifting enrollment patterns: as black enrollment rates rise, the "quality" of the remaining out-of-school pool worsens, while as white enrollment rates decline, the "quality" of their out-of-school pool improves. Available data do not permit adequate controls for this but it is difficult to believe that the effect is strong enough to account for a shift, say for 16-19 year-old men, from a ratio of .86 in the mid-1960's to .60 in the mid-1970's.).

The impact of regional shifts is quite weak compared to the role of enrollment trends. Table VII shows the ratio of black to white employment to population ratios, broken down by region. The movement from the South would be an important factor only if in 1970 (the latest year for which adequate data is available) the pattern in the South differed in important respects from elsewhere. On balance, the South, in fact, appears little different than other regions. Its treatment of enrolled black youth is somewhat worse than average and its treatment of youth not in school is somewhat better. Since most 16-19 year olds are enrolled, this implies

TABLE VI

Ratio of Black to White Employment To Population Ratios for Non-Enrolled Youth, 1964-1977

Year	Males 16-19	Females 16-19	Males 20-24	Females 20-24
1964	.85	.90	.96	1.06
1965	.89	.68	.98	1.13
1966	.88	.70	.95	.96
1967	.89	.67	.91	1.00
1968	.79	.70	.93	1.01
1969	.88	.63	.96	1.03
1970	.73	.60	.88	.93
1971	.81	.67	.88	.88
1972	.78	.58	.92	.86
1973	.84	.55	.87	.80
1974	.76	.58	.88	.85
1975	.60	.56	.83	.75
1976	.58	.55	.77	.78
1977	.61	.53	.79	.74

Source: Special Labor Force Reports, "The Employment of School Age Youth," various years.

TABLE VII

Ratio of the Black to White Employment To Population Ratio by Region, 1970

	16-19				20-24			
	Enrolled		Not Enrolled		Enrolled		Not Enrolled	
	Male	Female	Male	Female	Male	Female	Male	Female
North East	.56	.63	.61	.63	.98	1.04	.80	.88
North Central	.55	.60	.61	.62	.96	1.02	.79	.91
South	.56	.58	.78	.71	.79	.85	.86	.98
West	.55	.63	.61	.71	.98	1.04	.76	.98

Source: 1970 Census Summary, Vol. I, Table 289.

that the movement out of the South helped them (and thus the overall decline in the employment to population ratio is understated. This is an offset to the enrollment effect discussed above), while with most 20-24 year-olds out of school the movement from the South hurt them.

In short, of the two secular trends examined in this section the changing pattern of enrollment rates in fact has played an important role in the decline of black employment to population ratios, both absolutely and relatives to whites. However, even with this consideration in mind the situation of blacks is poor and is worsening. We will now try to understand why.

The Business Cycle

Youth employment rises and unemployment falls as the labor market tightens. This simple observation helps explain the difficult situation faced by youth in recent years. The nature of the relationship is shown in Table VIII below. As is apparent, the employment to population ratio of each group is quite responsive to the business cycle (as measured by the unemployment rate of prime age white men). The nature of the time trends also confirm our earlier discussion: they are positive for whites and negative for blacks. In addition, the employment to population ratios of young blacks are relatively more responsive than those of whites to aggregate demand: a one percent decrease in the adult unemployment rate would increase the ratios by .11 percent for white 16-19 year-old men, .15 percent for black 16-19 year-old men, .08 percent for white 16-19 year old women, and .11 percent for black 16-19 year-old women.* Finally, much of the adverse situation is recent years has been due to the poor performance of the economy. The prime age white male unemployment rate has been considerably higher than the 1954-78 average in three of the past four years.

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* These elasticities are computed at the means.

TABLE VIII

Employment to Population
Ratio Regressions, 16-19 Year Olds
1954-1978
(t statistics)

Group	Constant	U35WM	Time	R^2	DW
White Male	.385 (5.50)	-2.068 (7.30)	.008 (2.79)	.896	1.42
Black Male	.553 (29.24)	-2.166 (5.43)	-.008 (9.02)	.964	1.78
White Female	.194 (2.82)	-1.273 (4.19)	.012 (4.02)	.937	1.53
Black Female	.276 (14.90)	-.975 (2.02)	-.001 (1.89)	.489	1.73

The dependant variable is the 16-19 year old employment to population ratio of the specific race/sex group; the independant variables are a constant, the unemployment rate of 35-44 year old white males, and a time trend.

This analysis of the business cycle should make clear that the policy most likely to help black youth is one of full employment. This is of central importance. On the other hand, this analysis is in another sense just an accounting exercise. We see that black youth employment is more sensitive than that of whites to cyclical conditions and that there is an adverse time trend, but these equations cannot tell us why this should be so. Other analysis is needed.

Structural Explanations

The issues just discussed can be interpreted as explanations based upon developments which are largely exogeneous to the situation faced by black youth in local labor markets and to their behavior in those markets. For example, the discussion of enrollment implicity assumed that the patterns within enrollment classes have remained constant and instead focused on the mix across those categories. Similarly, the discussion of the business cycle demonstrated how the fate of black youth varied with business conditions but did not ask why, at a given point in the cycle, black youth seem to fare less well today than in previous times. The analysis takes us some way toward understanding why the employment picture for black youth seems so abyssmal but the analysis in these terms is incomplete. The trend in the employment to population ratio for out-of-school youth makes it clear that even within that category the situation has worsened and the coefficient on the time trend in the business cycle equations demonstrates that even controlling for cyclical conditions the picture has worsened. Therefore, we have to ask about more fundamental structural changes in the labor market for black youth.

A variety of potential changes can be adduced to explain the deterioration, and these can be usefully grouped into three categories: secular changes in the economy, the supply characteristics of youth, and market failures. Each of these will now be taken up in turn.

Secular Changes in the Economy

There are three possible secular changes in the structure of local labor markets which may be behind the worsening situation of black youth. These are: (a) an increase in the availability and employment of competing groups; (b) the suburbanization of jobs and (c) the changing industrial structure of the economy.

Industrial Structure

Young workers typically find employment in limited sections of the economy, particularly retail trade, clerical, and unskilled manufacturing. For example, in October 1976, 47.1% of employed 18-19 year old youth who were in school were working in wholesale and retail trades. Using similar data (though only for males), Freeman and Medoff (1979b) computed an Index of Structural Differences, a measure of the extent to which the industrial distribution of youth and adults diverge. They found extremely wide divergence for 18-19 year olds, but only minor divergence for 20-24 year olds. The pattern clearly indicated that with age, youth move out of "youth jobs" and into the adult sector.

The reasons youth work in a narrow section of the labor market are complex. In part, it is due to the part-time nature of much youth employment; in 1976 35% of 16-19 year old labor force participants were either voluntarily working part time or searching for part-time work. Because many youth want only part-time work, they are limited in the kinds of jobs they can find. A deeper reason why youth work in a limited sector is that other kinds of employers will not hire them (for evidence from a variety of sources, see Osterman). The reason for this is that youth are an unstable and uncertain work force, frequently quitting jobs and moving in and out of the labor force. Employers who have internal labor markets and invest in training workers are reluctant to hire these youth and as a consequence, youth find themselves with a limited choice of kinds of work.

If it is true that youth work in a limited sector, then any shrinking in that sector relative to the labor force will place strains on the youth labor market. There is some evidence that the youth sector has shrunk or grown sluggishly.* If youth jobs are shrinking, this would damage blacks relative to whites if white youth either were able to penetrate into other sectors of the economy, or if, faced with a shrinking pool of jobs, they were able to capture a greater share. There is only weak evidence that white youth are able to find jobs in other sectors while blacks are not but there is, on the other hand, some evidence that white youth are able to capture a larger share of a stagnant or shrinking job pool. This evidence largely comes from comparing youth employment rates across SMSA's which vary in the relative importance of the youth job sector. If white youth are able to capture a larger fraction of youth jobs in SMSA's where those jobs are scarce then a measure of industrial structure should not prove significant in white employment equations. On the other hand, if blacks are not able to maintain their share when youth jobs are scarce, then the measure should prove significant in their employment equations. These, in fact, are the patterns which have been observed. Kalachek (1969), working with 1960 data for all youth (which are thus dominated by results for whites), found that several industrial structure variables proved insignificant and he concluded that youth (whites) are able to capture a larger share of youth jobs in SMSA's where such jobs were relatively rare. Osterman found a similar result with 1970 data for whites and also found that the variable was significant in equations for blacks.

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* In 1960 construction accounted for 5.9% of all jobs, in 1970 5.4%. Non-durable manufacturing declined from 11.7% to 9.8%, and retail employment rose from 14.8% to 15.0%.

The Suburbanization of Jobs

A shift in local economies which might be thought to damage the employment prospects of black youth is the suburbanization of jobs. This is frequently cited as a major problem because of the image of jobs moving to the suburbs while young blacks remain trapped in the inner city. The perception that jobs have suburbanized while black youth remain behind is correct. Between 1970 and 1974, central city employment in the United States increased by 2.7 percent, while employment outside central cities grew by 18.1 percent. In 1976, 75 percent of black 16-19 year-olds lived in central cities, while the figure for whites was 34 percent (Magnum and Seneger). As a result of these trends, a large literature has emerged concerning the impact of these developments upon black employment. John Kain initiated the debate and argued that black employment was reduced because of difficult physical access to jobs, lack of information, and the reluctance of employers to "import" blacks into white communities.

Whatever the merits of the argument for adults, it seems more reasonable for youth. Their geographical scope of job search is apt to be more limited, both because of limited access to automobiles and because many work part-time after school and, hence, are unlikely to take jobs which require considerable travel. There is also some casual evidence to support this argument: the unemployment rate of center-city, non-white youth in 1976 was 40.8 percent, while for those residing in the suburban ring it was 33.0 percent. (This evidence is casual because the rates are not controlled for other location specific factors - such as education - which might explain the differential.)

However, although the popular view is that suburbanization of jobs hurts the employment chances of black youth, once we remember that white residential dispersion has accompanied the job shift, the case is no longer clear. As white youth move to the suburbs, black youth may have a better chance at downtown jobs, even if the number of these jobs has decreased. On balance, their possiblity of being employed may rise. Furthermore, large concentrations of blacks living and shopping downtown may lead firms sensitive to consumer preferences to hire more blacks. Evidence supporting this point, and hence contrary to Kain, was recently presented by Offner and Saks (1971).

A recent study by Osterman sought to examine this issue by including in SMSA employment equations a variable measuring the ratio of racial residential dispersion to job dispersion (roughly, the number of central city jobs to central city population, the population variable being race specific). This variable proved insignificant in influencing the level of employment for both young blacks and whites. Thus, impact of job suburbanization has seemingly been offset by the suburbanization of the white population and the net effect is that black youth employment has not been diminished.

Competition from Other Groups

Thus far we have spoken of youth jobs as though there was a sector of the labor market reserved for young workers. Although this over-simplification has sufficed for the analysis thus far, it must now be corrected. The jobs in which most youth work are not best understood as youth jobs, rather they should be viewed as part of the secondary labor market. Michael Piore (1971) has defined secondary jobs by contrasting them with primary labor market employment:

> The primary labor market offers jobs which possess several of the following traits: high wages, good working conditions, employment stability and job security, equity and due process in the administration of wage rates, and chances for advancement. The secondary market has jobs which, relative to those in the primary sector, are decidedly less attractive. They tend to involve low wages, poor working conditions, considerable variability in employment, harsh and often arbitrary discipline, little opportunity to advance.

Secondary jobs are thus the deadend low-skill jobs in the economy. Seen in these terms, it is clear that youth employment is largely confined to this sector, but it is also apparent that other groups are also part of the secondary labor force. These groups can be roughly classified into two categories: those who find secondary employment satisfactory because their attachment to the labor force is weak and they are interested only in part-time casual employment and those who are confined to secondary employment by the discriminatory hiring practices of primary firms. Many youth, some adult women, and immigrants who view their stay as temporary fall into the former category. Other adult women and minority groups fall into the latter category.

Given this perspective, it seems apparent that youth must compete with other labor force groups for secondary jobs. A possible explanation of the difficulty that black youth force is that this competition has intensified. There is good reason to believe that this has been the case. Between 1960 and 1975, the labor force participation rate of married women with children between the ages of 6 and 17 rose from 39 percent to 53.7 percent. It is likely that many of these women, for reasons of both life style and discrimination, work in the same secondary sector occupied by youth.

The only study directly examining this issue is an effort by Osterman based upon SMSA data. Using 1960 and 1970 data, he found that the employment of black youth is significantly related to the wages of adult women, while such a relationship does not hold for white youth. In addition, the growth of black youth, but not white youth, employment between 1960 and 1970 was negatively related to the fraction of the SMSA's 1960 labor force accounted for by adult women.

The findings are strongly suggestive but should be regarded with some caution. First, it is always dangerous to reach firm conclusions on the basis of one study. In addition, it is important to identify with some care the nature of the jobs for which the groups compete. In fact, the occupational overlap between young black males and adult women is limited (in 1976 the percentage of employed, married women with husbands present in sales and clerical jobs was 41.9 percent, in services, 15.8 percent and in blue-collar jobs, 15.7 percent. For black males, the corresponding proportions were 12.6 percent, 39.9 percent, and 36.1 percent). Thus, while there is clearly some overlap, the occupational distributions are by no means identical. Of course, the overlap between the distributions for adult women and young black women is much closer.

The evidence concerning substitution of illegal immigrants for black youth is entirely anecdotal, although I believe plausible. Piore (1979) has argued that in the mid to late 1960's, an era of relatively full employment, black youth became a more difficult labor force (because their expectations had been raised by the Civil Rights movement as well as a shift in their frame of reference from first generation migrants from the south to second generation natives of the north). For this and other reasons, secondary employers began to actively encourage and draw upon a stream of illegal aliens. Regardless of whether the employer perception of black youth behavior was accurate, or remains accurate, the process is very difficult to reverse. Therefore, in many urban labor markets, jobs which once went to black youth are no longer available to them. It is obviously difficult to test this econometrically, since data on the employment of illegal aliens is not available. The evidence that adult women have been substituted for black youth does, however, add plausibility to the argument because it does suggest that employers have been substituting away from black youth.

The Supply Characteristics of Youth

Thus far, we have not focused on the nature of the youth themselves. Perhaps employment rates are so low because in some sense youth do not want to work. This generalization has some merit, I believe, for many youth. When they first enter the labor market, youth can be characterized as being in a "moratorium" stage, more interested in adventure, sex, and peer group activities than in stable employment (Osterman). As a result, there is a good deal of movement between jobs and in and out of the labor force. All of this increases unemployment and reduces employment rates. The relevant question for our purposes, however, is whether there exists a racial differential in these attitudes, for such a differential would be required to explain the racial differential in employment. Furthermore to explain the trend one would have to argue that these attitudes have been shifting in recent years.

There have been several mechanisms proposed which might generate the kind of racial differences in attitudes, expectations, or aspirations which would serve to reduce employment. First, the wide availability of alternative, often illegal, income sources in the ghetto might serve to ease the pressure on black youth to work and in effect raise their reservation wage (the minimum wage required to accept employment). For example, on the basis of interviews with youth in East Los Angeles and Watts, Paul Bullock (1973) concluded that "the subeconomy is probably the greatest single source of market income for young men in the central city." However, even if this is true, its import is not clear. First, many white youth also participate in such activities. Second, youth may view these activities as an unsatisfactory substitute for work and be willing to take a job (even at financial sacrifice) were one available. A second possible source of behavioral differences cuts in another direction. Some observers have argued that the progress blacks have experienced in recent years has raised expectations higher than is reasonable and young blacks may, as a consequence, refuse available work. Another possible source of such behavior is an unrealistic picture of the work would generated by home or school experiences.

There is obviously no question that some youth, both black and white, are in difficulty for some of the reasons discussed above. For these youth, their employment problems are due less to the labor market than to personal difficulties. However, it does not appear that the bulk of the problem can be accurately attributed to these sources. There are three important pieces of evidence which lead to this conclusion.

First, evidence does not suggest that the reservation wages of black youth are too high. Employing data drawn from the National Longitudinal Survey of Young Men, Osterman estimated reservation wage equations for black and white youth who were unemployed. The reported reservation wage was regressed against personal characteristics--education, ability, labor market experience, and so forth--and the duration of unemployment. No significant racial differentials were found in the structure of the reservation wage equation. In a similar exercise, Osterman regressed a measure of aspirations--the Duncan score of the occupation desired at age thirty--against various personal characteristics and again no racial differences were observed. In addition, a recent review of the sociological and psychological literature by Leonard Goodwin found no evidence of a systematic difference in the work orientation of black and white youth.

Second, virtually all unemployed youth--both black and white--take the first job they are offered (Stephenson, Osterman). This pattern is not consistent with the view that youth reject available jobs.

Finally, and most convincing, is the clear finding that when the economy is tightened and jobs become available, black youth, even more so than white, flow from unemployed and out of the labor force status to employment. The earlier discussion of the business cycle clearly demonstrated this to be true. If large numbers of black youth simply did not want to work, then we would not observe this pattern.

Preparation

Youth who are less well-prepared than others in terms of education and training may well be expected to have more difficulties finding and holding employment. They will find themselves at the bottom of the hiring queue and when they do find jobs, they will more likely be in unstable sectors. Young blacks have, on the average, less adequate preparation than whites. As a consequence, they might be expected to have higher unemployment and lower employment rates than whites. To the extent that these background characteristics are indeed legitimate basis on which to make employment decisions the resulting differentials in outcomes are generally regarded as acceptable from the viewpoint of labor markets, though they may ultimately reflect pre-labor market discrimination in institutions such as schools.

One approach which is helpful in assessing the importance of racial differentials in background characteristics is to regress unemployment upon those characteristics, separately for blacks and whites, and then determine the extent to which the gross differential in weeks of unemployment can be decomposed into a differential due to background differences and a portion due to return to those characteristics. That is to say, one extreme finding is that the outcomes for statistically identical blacks and whites are identical and thus the observed differential is due to differences in background characteristics. The other possible finding is that statistically identical blacks and whites have different outcomes and thus returns to characteristics differ. The purpose of the analysis is to get a sense of the magnitude of each kind of finding. This sort of analysis was carried out by Osterman who developed a model for duration and spells of unemployment. The model was applied to 1969 data for young men and the basic finding was that 50 percent of the racial difference in annual weeks of unemployment could be accounted for by differences in background characteristics.

This finding is clearly important because it implies that successful pre-labor market interventions (in schools, for example) would succeed in closing an important part of the racial gap in unemployment. However, the 50 percent figure should probably be viewed as an upper bound because it implicitly assumes that the racial differences in background characteristics are, in fact, legitimate basis' for differential employment outcomes. However, as the success of numerous Title VII cases have shown, seemingly reasonable employment criteria are often subterfuges for discrimination. For many jobs in the youth labor market it is difficult to believe that successful performance (or training costs) depend on whether a youth has completed eleven or twelve years of school.

A second problem with this explanation is that it cannot explain why the situation has worsened over time. In the recent decade, black youth have improved their achievement relative to whites (as the discussion of enrollment trends indicate). Yet, this improvement has been accompanied by a worsening of their employment situation. Thus, while differences in background characteristics contribute to the differential on the level of employment outcomes, they cannot explain the deterioration of the relative position of black youth.

The Market

Thus far we have discussed a variety of explanations of sluggish black youth employemnt growth. However, we have not touched upon the operation of the youth market. In this section, I will take up three topics which fall under this subject: job contract networks, the movement of wages, and racial discrimination.

Job Contact Networks

Most firms perfer to recruit workers through the personal contact of persons already in the work force and most workers find their jobs in this manner. Even in the absence of continuing racial discrimination the heritage of past discrimination will continue to be felt because the parents and relatives of black youth are less well-placed to assist them. As a further consequence, black youth will become more dependent upon formal institutions (schools, CETA, the employment service), institutions which do not have good placement records. The evidence concerning the role of job contacts is mixed. Some studies (Lurie, Osterman) have found that blacks are less able than whites to make use of personal contacts, while other data (for example, the National Longitudinal Survey of Young Men) have not found this to be true. It should be noted that even if blacks find jobs through personal contact with the same frequency as whites, those contact may not be effective and search time may be longer. However, it should also be understood that this factor cannot explain the deteriorating trend; there is no reason to believe that the access of blacks to contact networks has worsened over time.

Market Failure

One version of the market failure argument holds that black youth employment is high and rising because the wgaes which employers must pay black youth are "too" high. The evidence underlying this argument is presented in Table X below. As is apparent, in recent years the relative wages of white youth have fallen while those of blacks have not. The fall in the white youth wages resulted in important part from the excess supply of white youth and the contraction of youth jobs. These forces also affected blacks but their wages did not fall, it is argued, because of affirmative action pressure and other barriers such as the minimum wage which served as a floor. The consequence is that black youth have become too expensive and their employment fell.

In a tautological sense, this argument is correct. If black wages fell to zero, many more would be hired. However, this cannot be what advocates of this position mean, there must be some substantive content to the phrase "too high." The standard for the "correct" wage must be that the wage ratio of black and white youth should be equal to the ratio of their productivity. In these terms, the argument collapses. First, we would expect that in recent years the relative wage of black to white youth should rise because their relative education and other endowments have risen. Second, when Human Capital earnings equations are estimated, the results show that black youth in recent years are approaching but have not exceeded the fair, non-discriminatory wage (Freeman, 1978; Welch). They are beginning to receive an equal return to what are, presumably, productivity-linked characteristics. Again, it is "proper" in these terms that their wage relative to whites has risen and in the non-tautological sense the relative wage explanation lacks validity.

Table X

Ratio of Weekly Earnings of Full Time Young Men To Weekly Earnings of White Men Twenty Five and Over

	Whites		Blacks	
Age	1969	1977	1969	1977
18	.54	.49	.44	.44
20	.66	.58	.63	.52
22	.79	.63	.59	.54
24	.87	.75	.60	.63

Source: May Current Population Survey Tapes; Taken from Richard B. Freeman, "Why is There a Youth Labor Market Problem?," paper prepared for the National Commission on Employment Policy, May, 1979, p. 4.

Discrimination

The traditional approach in the economics literature for measuring discrimination is to conceptually distinguish between endowments and returns to those endowments. For example, with respect to earnings, a portion of the racial gap is due to lower levels of education and training on the part of blacks (endowments) and a part to the fact that the labor market rewards comparable white and black endowments differently (returns). Conventionally, differences in endowment levels are treated as legitimate sources of differentials while differences in returns are seen as discrimination. Using such an approach for an analysis of earnings, economists found evidence of substantial discrimination for the period prior to the mid-1960's, but in recent years it appears as if wage discrimination by race has essentially ended (Freeman, 1973; Welch).

Thus, with respect to wages, the evidence is that the force of discrimination has considerably lessened, if not disappeared (keeping in mind that a crucial assumption is that the level of endowments are indeed legitimate bases for earning differentials). This result is paradoxical since the differential between black and white unemployment levels is so large that it is difficult to believe that discrimination is not an important factor. One effort to decompose the unemployment experience of young black and white men into portions attributable to endowments and "returns" to those endowments (Osterman) found that racial differences in endowments could explain 50 percent of the gap in unemployment experience. Following the convention in the earnings literature, this would imply that the remaining 50 percent is due to discrimination. There are, however, numerous sources of error in such estimates, some of which would lead to an underestimate of discrimination (the endowments may not be legitimate causes of differential treatment) while others would overestimate discrimination (relevant characteristics are either measured with error or data on them are unavailable). Thus, this estimate should be treated as a ballpark figure.

How discrimination actually occurs is not clear. One obvious source is a tendency of firms to lay off black workers more readily than whites. However, surprisingly, neither the Osterman study nor another effort (Culp) found evidence that, after controlling for personal characteristics, blacks were laid off more frequently than whites. This leaves two additional sources--differential treatment on the job which leads blacks to quit more frequently and discrimination at the hiring gate. Little direct evidence is available on either issue and clearly more research is required.

Policy Implications

The analysis of the previous section has gone some way toward identifying the sources of the sluggish growth of black youth employment and rising black youth joblessness. The next question, of course, is what policy implications can be drawn from the analysis.

This is not an easy question. Imagine, for example, that we are convinced that employers have been substituting adult women for black youth. The immediate implication is that policy should seek to discourage adult women labor force participation, but this is obviously neither feasible nor desirable. Similarly, the finding that black youth employment is sensitive to the industrial structure is interesting but does not lead to any reasonable policy implications.

It seems useful to organize our thinking concerning policy into two broad categores: policies designed to expand the pool of available youth jobs and policies designed to alter the share held by blacks of a fixed job pool. Of course, in reality, there is some interaction between these two categories: it is easier to alter the black share of an expanding rather than a stationary or declining pool. Nonetheless, as a first approximation, these distinctions are helpful.

Turning first to policies designed to expand the pool of youth jobs, it is clear that expanding aggregate demand and tight labor markets will do more for black youth employment than any alternative conceivable policy. Table XI

Table XI

Predicted Unemployment Rates

White Male 25-54 = 1.5% Unemployed

Age	White Male	Black Male	White Female	Black Female
16-17	13.1%	29.1	14.2	35.2
18-19	9.3%	22.7	11.5	31.7
20-24	5.6%	10.6	6.2	13.2

Source: Lester Thurow, Youth Unemployment. Rockefeller Foundation Working Paper, 1977.

shows what black and white youth unemployment rates would be were the economy at full employment for white adult males. As is apparent, when labor markets tighten, the situation of black youth sharply improves, both in absolute terms and relative to whites. This is a central fact, one which contradicts the arguments that black youth are apathetic and uninterested in work, and that they are unqualified to work. Rather, it is apparent that for the reasons discussed earlier black youth find themselves on the bottom of the hiring queue. Tight labor markets break down discriminatory barriers, force employers to reach down in the queue. No other conceivable policy will do as much for black youth as will a macroeconomic policy directed at full employment. It should also be noted that a considerable racial gap still remains and that the structural policies to be discussed below will still be necessary.

An expansion of the private economy seems to me the preferable form of job creation because many of the jobs which are created offer long-term career prospects. An alternative form of job creation lies in public job programs via the CETA system. Most Federal youth dollars now go to public jobs, both summer and after school throughout the year. I will evaluate the merits of this approach below, but for now will simply note that this is an alternative approach to expanding the available pool of youth jobs.

Another approach to evaluating policy is to proceed by taking the pool of available youth jobs as fixed and ask what would be necessary to assure that those jobs were allocated equitably. A working definition of equitable in this case would be that a person's chance of being employed (and unemployed) is independent of his or her race. The job queue would be re-shuffled to make the labor market race blind.

If we take this as the goal then we need to ask why the queue does not now meet this criteria and this, of course, is what the earlier section addressed. In terms of organizing our thinking for policy, it seems useful to distinguish between two groups of black youth. The first is a group, relatively small, who experience frequent spells or long durations of unemployment because they are in some sort of personal difficulty. The second group are those, more numerious, who are essentially job-ready, but are unemployed because discriminatory practices have led them to be placed low in the queue.

Turning to the first group, those whose personal circumstances lie at the heart of the problem, it should first be noted that this category is quite diverse. Some may be single parents who simply need access to daycare. Others in this group have low reading and writing levels, some have lost confidence in their abilities and life chances, some are involved in criminal activities, while others have psychological problems of various sorts. This is a group for whom supply-side human capital and social-work oriented programs make sense.

The second groups of black youth are those who are equipped to function well in entry-level jobs but are unable to locate them. The problems facing this group are those of discrimination and inadequate job contacts. The policy solution is to find ways to alter hiring patterns and practices in the economy.

The distinction between youth who are in serious personal difficulty and youth who simply need a job (perhaps with a touch of services) parallels the distinction between hard-core unemployed and those who are unemployed because of inadequate demand. The distinction seems useful and the policy implication of the two interpretations of unemployment are quite different. I have asserted that most black youth do not fall into the hard-core category, but it would obviously be helpful to have som evidence on this point. Such evidence is, of course, difficult to come by but an inference can be drawn by examining the distribution of weeks of unemployment and spells of unemployment. We may assume that youth who, over a several year period, experience a great many weeks of unemployment or many spells could be termed hard core.* Tables XII and XIII below show for males the fraction of youth who experienced different amounts of uenmployment over a two-year period and who experienced different numbers of spells. These results seem to bear out the assertion that most youth who are unemployed do not fall into the hard core category. For example, only 28 percent of 16-19 year-old black youth averaged more than six weeks of unemployment per year. Thus, while some youth clearly do fall into the hard core category, most do not.

We thus have distinguished two sets of potential policies addressed to different needs: policies aimed at remedying the personal problems of some youth and policies aimed at altering the pattern of labor market hiring. Two important questions concerning these approaches are what the characteristics of such policies should be and the extent to which current programs, particularly those funded under YEDPA, share these characteristics.

This, of course, is not the appropriate place to discuss details of program design such as the best curriculum to teach reading or how to improve the self-image of youth. However, it does seem useful to point out several operational principles which should be followed by programs seeking to deal with youth in personal difficulty. The first principle is that the programs should be staffed by professionals trained to deal with the problem or problems involved. Counselors, reading specialists, health professionals and others should either be on the program staff or be readily available to youth. The second principle

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*Although this assumption is too strong. If unemployment causes more unemployment--perhaps becuase a work history is not built up--then youth who have no personal difficulties could find themselves trapped in a cycle which could be broken simply by finding a job. A bias working in the opposite direction is that there was considerable attrition from the NLS survey between 1966, when it began, and 1969-1971, the period described here. One would expect that a disproportionate number of hard-core youth would be in the missing group.

Table XII

Distribution of Weeks of Unemployment
Among Out-of-School Male Youth Who Experience Some Unemployment
1969-1971

Weeks of Unemployment	16-19		20-24	
1969 - 1971	White	Black	White	Black
1-4	32.8%	42.6%	45.3%	28.8%
5-8	19.5	15.0	18.6	14.0
9-12	11.8	13.6	13.2	17.8
13-16	8.8	4.8	4.8	6.6
17-20	3.4	0.9	4.8	8.9
20+	23.7	23.1	13.3	23.9
	100%	100%	100%	100%

Source: National Longitudinal Survey of Young Men.

Table XIII

Distribution of Spells of Unemployment Among Out-of-School Male Youth Who Experience Some Unemployment 1969-1971

	16-19		20-24	
Spells	White	Black	White	Black
1	28.6%	20.5	47.4	21.4
2	28.6	16.6	26.1	37.2
3	19.4	37.4	13.8	18.2
4	9.9	17.2	9.5	12.1
5+	13.6	8.4	2.1	11.1
	100%	100%	100%	100%

Source: National Longitudinal Survey of Young Men.

is that the program should be of sufficient duration to have a reasonable expectation of dealing with the problems involved. For youth who are in serious difficulty, short-term programs are not adequate.

Taken together, these two principles--a professional staff and a long-duration program--imply a seriousness of purpose. The simple notion is that for people in trouble, there should be serious and sustained efforts to deal with these troubles. These principles are hardly startling, most of us would expect no less were our children in trouble. Commonsensical as these principles may be, my observations indicate that they are not followed in most YEDPA programs.* Most programs dealing with out-of-school youth are staffed largely by people who lack extensive training in relevant fields. Furthermore, the programs are designed to last one year and youth who continue in the CETA system are rarely in an articulated treatment program. The programs are generally designed to keep its youth busy with some task (housing rehabilitation, care for the elderly, film-making) with services a rather casual appendage. In short, the programs are not serious.

There are a variety of explanations for this situation, but two central problems stand out. First, most Prime Sponsor staff and program operators do not think in terms of designing serious treatment programs. Rather, they are oriented toward short-term efforts intended to keep youth off the street, with a minimum of other services. Second, the program I have described is expensive, yet the bulk of monies go to in-school work experience (after school employment) programs. Those programs perform a useful income maintenance function but they claim too large a share of resources. The reason is that the Primes and program operators have had long experience with these programs (they are essentially Neighborhood Youth Corp programs), and hence the programs run smoothly and with minimum difficulty. In additon, they serve large numbers of youth, a politically popular characteristic, and the agencies have become well-entrenched and adept at capturing resources.

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*The discussion of YEDPA which follows is based upon my study of YETP and YCCIP programs in three Massachusetts Prime Sponsors: Boston, Cambridge (ESMIRDA), and Worcester. While I believe that these programs are representative of efforts elsewhere, I cannot be sure. Furthermore, these observations may not apply to special demonstration programs.

Thus far, we have descussed in detail one category of programs: those designed for youth whose labor market difficulties arise from some personal problems. I have argued that this group represents the lesser part of the black youth problem. Most black youth are in difficulty not because they lack skills but because they lack jobs. For these youth, the central purpose of policy should be placement. What I have in mind are progarms which provide a minimal amount of job readiness training (how to act in interviews, how to dress, etc.), places youths in jobs, and then stays with the youth for the first year or so, both to assist the youth with any difficulties which arise and to both reassure and monitor the employer.

The central issue in this model, of course, is how the placement is to be achieved. Of course, such placement will be easier in expanding rather than contracting economies, but the central problem of moving youth up the job queue remains. If, as I have argues, discrimination is the central explanation of why black youth cannot be hired, then placement programs must find ways to combat that discrimination. One strategy lies in reducing the cost to employers of hiring black youth and tax credits targeted to low income youth have been put into place. A more direct strategy is to encourage closer cooperation between CETA and government agencies--OFCCP and EEOC--whose mandate it is to assure fair racial practices in the labor market.

The major task facing CETA is to find more effective ways to intervene in the demand side of the labor market. YEDPA placement efforts generally appear haphazard and casual. Policy makers have not provided the tools necessary to achieve success in this area.

Summary

The first section of this paper was intended to explore a variety of explanations for the sluggish employment growth and deteriorating labor market situation of black youth, both in absolute terms and relative to white youth. The basic arguments are summarized below.

The Supply Characteristics of Youth. Several different explanations fall within this broad category. First, it is sometimes argued that black youth reservation wages are too high, that aspirations or work orientation is poor or that alternative income sources reduces the desire to work. We saw that these explanations do not stand careful scrutiny. Reservation wage equations do not reveal a significant racial differential nor do equations for (an admittedly crude) measure of aspirations. Most important, the flow of black youth into employment when labor market conditions are favorable suggests that disinterest in work is not a major explanation.

A second supply side explanation is that the qualifications of black youth are lower than those of whites and that this will lead both to a lower position in the hiring queue and to employment in less stable settings. There is some truth to this argument as an analysis of the individual level NLS data demonstrated. However, two important caveats are in order. First, the legitamacy of educational credentials as the basis for differential outcomes is an open question, especially in the non-college labor market. Second, differences in background characteristics cannot explain the worsening trend between black and white youth because at the same time that the trend has deteriorated, the educational and other qualifications of black youth has improved.

Secular Changes in Local Economies. I examined three issues which fall under this rubric: (1) the suburbanization of jobs; (2) changes in local industrial structure; (3) increased competition from other demographic groups. The suburbanization argument is ambiguous in principle because both people and jobs have left the central city and thus the competitive position of black youth may not have worsened. In fact, the evidence showed that suburbanization does not seem to play an important role. Changes in the industrial structure, on the other hand, do seem important. The results show that black youth employment is more sensitive to that of whites to the presence of youth intensive sectors in the local economy. These sectors have exhibited a modest secular decline and it appears that black youth have been less successful than whites in capturing an increased share of scarce jobs.

The final category of structural changes is increased competition from other groups who are likely to be substitutes for black youth labor. What empirical work is available concentrates on adult women and the results suggest that their growing numbers in the labor force have reduced black youth employment. Another source of competition is white youth. Their employment to population ratios have not exhibited a secular decline and this in conjunction with the baby boom implies that their absolute employment has increased sharply. White youth have been able to maintain their position in the labor market and to some extent this must have been at the expense of black youth. The degree to which this is true depends on the extent to which black and white youth compete for the same jobs. Residential segregation combined with the limited geographic mobility characteristic of many youth are limiting factors with respect to the competition. Finally, anecdotal evidence suggests that in some labor markets illegal aliens have also been competing jobs away from black youth.

The Market. Two issues were examined under this rubric. First, we saw that there is reason to believe that black youth experience more difficulty than white youth in making use of personal contact networks for finding jobs. However, while this may be a factor in explaining the difference in the levels of employment between black and white youth, it is difficult to argue that it explains trends over time.

In addition, we discussed the argument that the wages of black youth are in some sense "too high" thus reducing employment. We found that while black youth wages have improved relative to those of whites, this improvement should be expected given their improved qualifications and that studies of wage determination which control for personal characteristics do not indicate that black youth wages are out of line.

Discrimination. Discrimination in employment is difficult to directly measure, but I believe it must be accorded a central explanatory role. The analysis of the individual data suggests that residual factors account for roughly 50 percent of the unemployment differential and it is conventional to interpret this residual as discrimination. The competition which blacks, but not whites, face from other groups in the job market is suggestive of discrimination. Absent an experiment discrimination is difficult to prove but it is difficult indeed not to believe that much of the problem rests there.

More generally, it must be understood that the problem of high black youth unemployment rates is not simply a characteristic of the youth labor market. As black youth age, their unemployment rates decline and begin to

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reach the levels of black adults, but these levels are in turn much higher than those of white adults. This situation persists even for adults who entered the labor market during the late 1960's, the heyday of the "new labor market." For example, in 1976 the unemployment rate of 25-34 year old white males was 5.6 percent and for white females 7.6 percent. The rates for blacks of the same age were 11.0 percent and 13.0 percent. The situation of black youth thus cannot be understood without examining the persistence of racism throughout the labor market.

The second section of the paper discussed policy. A distinction was made between policies which expand the available number of youth jobs and policies which improve the share gained by black youth of a given number of jobs. In the first category, it is clear that strong aggregate demand (full employment) is crucial both because black youth benefit relative to whites in a strong economy and because economic growth makes redistribution of available jobs easier.

In the second category, I argued that some youth have poor employment prospects because they are in personal difficulty. These youth require intensive service programs, staffed by professionals and lasting for a reasonable period of time. However, most black youth do not fall into this category. Rather, they are essentially job ready but lack jobs. The most challenging task facing employment policy is to find ways to induce and to force the private economy to alter discriminatory hiring patterns.

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The **Chairman**. Dr. Cardenas.

Dr. **Cardenas**. Thank you, Mr. Chairman. I would like to thank you for the invitation to come here and talk about the employment policy of minorities, especially on the concern of manpower policy as related to Hispanic youth.

As you will notice, one of the things that I have observed from various witnesses here, although we emphasize the black employment problem as related to youth, for some reason my colleagues have deemphasized Hispanic issue.

The reason that Hispanic youth have not been included in research analysis is attributed to the fact, that the data for Hispanic youth is generally limited and definitely it is fairly difficult to assess the situation.

However, data collected by the Bureau of Labor Statistics definitely will assist us to try and give you a perspective on the performance of Hispanic youth in the labor market.

The Hispanic population in 1979 is the second largest minority in the Nation. The Hispanic population is comprised primarily of Mexican-Americans, Puerto Ricans, Cubans, and other Latin Americans that reside in urban and rural labor markets throughout the country. Although the majority of the Hispanic population resides in the Southwestern States, large concentrations of Hispanics reside in major metropolitan areas like Detroit, Chicago, New York, and Philadelphia. The economic problems for the Hispanic population in 1979 continue to be associated with high unemployment rates, high incidence of poverty, and low incomes. With unfavorable economic conditions in the country today, the economic situation of Hispanics is likely to worsen in the eighties.

Among the major groups that have been severely affected by the unfavorable state of the labor market is the Hispanic youth population. Hispanic youth throughout the United States are experiencing severe problems in the labor market. In New York City, teenage unemployment rates among Puerto Rican youth are estimated to be as high as 50 percent. In Los Angeles, Mexican-American youth in the inner city are experiencing high unemployment rates of about 40 percent. Southwestern labor markets along the United States-Mexico border are among the poorest in the Nation. The border region characterized by a large Mexican-American population experiences the highest unemployment rates in the Nation. In 1978, the average unemployment rate in the United States was 6 percent as compared to 4.8 percent in Texas. In border labor markets like Laredo and McAllen-Pharr-Edinburg, unemployment was as high as 13.3 percent and 12.8 percent, respectively. In these labor markets, unemployment rates among Mexican-American youth were much higher. In some rural labor markets and smaller communities, unemployment among Mexican-American youth was as high as 70 percent. Their manpower problems include low labor force participation rates, high rates of unemployment, and low incomes. The barriers to employment for Hispanic youth are related to the lack of educational attainment, lack of usable work experience, and the lack of jobs. Hispanic youth have also experienced severe problems in the labor market because of attitude of employers toward youth, hiring requirements, and competition for jobs. In some rural labor markets, the surplus of unskilled labor makes it difficult for youth to find employment. Oftentimes, Hispanic youth have to compete with women, illegal aliens, and other groups for the same jobs. It is also certain that minimum wage laws may have an indirect effect on the employment status of Hispanic youth.

The youth labor force among Hispanics is over 1.5 million. The labor force participation rate for Hispanic youth in 1978 was 50.4 percent. For Mexican-American youth, the labor force participation rate was 53.7 percent as compared to 51 percent for Cuban youth. The labor force participation rate for Puerto Ricans was much lower than that of the other Hispanic groups. The Puerto Rican labor force participation rate was 33.8 percent. The labor participation rate of Puerto Rican youth is very comparable to that of black youth in general. If you look at certain labor markets like New York City and Philadelphia that do have large concentration of Puerto Ricans, their problems are very, very serious. They are as serious, for example, as Mexican-American youth along the border.

Hispanic youth in urban and rural labor markets are highly concentrated in the secondary labor markets where employment is characterized by low wages, unfavorable working conditions, and high labor turnover. Many youngsters in the inner cities like Los Angeles, San Antonio, and New York find employment in the submarginal labor market. Employment in the submarginal labor market is usually characterized by illegal and illicit activities. Hispanic youth in rural and urban markets find usual employment in low wage industries such as services, wholesale, and retail trade, and agriculture working as clerks, operatives, laborers, and service workers.

Hispanic youth are more likely to use informal methods rather than formal methods for seeking employment assistance. Hispanic youth usually find employment through friends or relatives rather than utilizing formal channels of employment like the U.S. Employment Service or private employment agencies.

One of the things I have observed in my research related to Hispanic youth is that Hispanics, like other groups, tend to use employment service much less. Apparently, one of the major reasons is that their experiences in the past have been generally bad in terms of finding employment.

Hispanic youth are less likely to find employment through union hiring halls because, in most instances, Hispanic youth do not belong to labor unions. This factor has contributed to discrimination in the labor market also. Throughout many labor markets, Hispanic youth have been excluded from participation in apprenticeship training. The educational progress for Hispanic youth has been generally limited. In most instances, Hispanics are lacking in educational attainment. Over the years, Hispanic youth have made some gains in education. They continually do fairly bad relative to other groups.

One of the things I have noticed is that those who have gone to college for some reason upon graduation from college experience discrimination in the labor market in finding employment. It blows my mind to find, for example, a Ph. D. candidates of Hispanic origin are unemployed, and for some reason the labor market—again it is contributed to institutional discrimination in the labor market.

The low education attainment of Hispanic youth is attributed to a variety of factors, namely, high dropout rates, cultural factors, as well as language barrier. In the case of Mexican-Americans, many youngsters drop out of school for economic reasons. This is more common among Hispanic migrant farmworker families who travel year to year to gather the Nation's crops. Another dilemma that has contributed to the low educational levels of Hispanic youth is the lack of career education programs to assist youngsters in the transition from school to the world of work.

Among the major problems of Hispanic youth in 1979 is the issue of unemployment. Teenage unemployment rates for Hispanic youth are much higher than for the general Hispanic population. In 1977, the unemployment rate for the Hispanic population was 10 percent as compared to 22.3 percent for the Hispanic youth population. Hispanic youth unemployment rates were much higher than that of white youth but significantly lower than black youth. In 1977, the teenage unemployment rate among blacks was 41.4 percent as compared to 15.5 percent among white youth. In 1979, the unemployment rate for Hispanic teenagers has been as high as 21 percent. Mexican-Americans and Puerto Rican youth have experienced high unemployment rates of 21.3 percent and 26.9 percent, respectively.

Teenage unemployment rates among Hispanic youth are relatively high because of their limited work experience. Their joblessness is also associated with their age, lack of labor force skills, and low educational levels. In many instances, changing attitudes toward the world of work, instability, and insecurity contribute to their own joblessness. Frequent entry and reentry into the labor force also affects their unemployment status. Institutional discrimination among employers may also contribute to this problem. In the various metropolitan areas, employers may discriminate against youth because of their age, race, or educational attainment. Moreover, they may prefer other workers like women who may demonstrate more job stability. In border labor markets like in El Paso, Tex., teenagers often have to compete for similar jobs with women, illegal aliens, and border commuters. In many instances, the last to be hired are the Hispanic youth.

Hispanic youth often experience short-term frictional unemployment resulting from temporary difficulties in matching available workers with available jobs. This type of unemployment usually arises from the lack of knowledge of job opportunities. Structural unemployment associated with economic changes in the structure of jobs as well as by automation and competition of imports is common among Hispanic youth. Many migrant farmworker youth continue to be structurally displaced due to mechanization in agriculture. Some of the apparel workers in the east and west coast have been hurt by structural factors associated with the competition of imports. Hispanic youth in 1979 have also lost their jobs or have been unable to find employment because of cyclical factors related to the lack of aggregate demand for goods and services. Cyclical unemployment is common among Hispanic youth that have been hurt by recent changes in business activity in the country.

Minimum wage laws in the past and present have not helped in the plight of Hispanic youth. Minimum wages like other factors, such as payroll taxes and fringe benefits, have increased the cost for firms employing workers. This dilemma makes it more difficult for employers to hire youth, particularly disadvantaged youth. With such increases, employers are faced with decisions to curtail employment. The employed youth are the last to be hired and first to be fired. In most instances, these workers are usually minority youth.

Among the major programs in schools to assist youth in the preparation for labor market participation is vocational education. Hispanic youth in secondary schools are largely represented in vocational education. Many of the Hispanic youth in vocational education are there because of the lack of information on alternative choices in the world of work. Oftentimes, the demand for such occupations in vocational training in specific labor markets is not there, and the rate of joblessness among Hispanic youth increases upon completion of the training. Hispanic youth, like other youth, have rather limited knowledge about career opportunities in the world of work. Hispanic youth, like other groups, have very limited knowledge about how to find jobs in the labor market.

Hispanic participation in CETA manpower programs among youth has been limited to work experience rather than on-the-job training programs or public service employment. Under the Youth Employment and Demonstration Projects Act of 1977, Hispanic participation in youth programs has increased slightly over the years. Among the programs that Hispanics usually participate in include the Job Corps, the youth employment and training programs (YETP), and the youth community conservation and improvements project (YCCIP). The youth employment and training program (YETP), targeted by income for inschool youth, provides opportunities for work experience but also emphasizes developing reliable labor market information for dissemination to students through vocational exploration and career counseling. The YCCIP is designed to assist out-of-school youth that are unemployed in the labor market. Hispanic youth, however, continue to be underrepresented in some of these programs. In 1976, about 40 percent and 42 percent of the enrollments in work experience programs were white and youth, respectively. Only 16 percent of the total enrollees were of Hispanic origin. In the summer youth program for fiscal year 1977, about 12.6 percent of the total enrollees were Hispanic in comparison to whites, 44.4 percent, and blacks, 48 percent. Relative to the universe of need for manpower services, Hispanic youth are underrepresented in manpower programs .

Many economists have agreed that youth unemployment has been simply a product of the baby boom and that youth unemployment will decline as the youth population decreases. Although there is much validity for such economic analysis, this is not the case for Hispanic youth. The Hispanic youth population is likely to continue to increase. Population increases will be associated with the high fertility rates among Hispanic women as well as the flow for legal and illegal immigration from Mexico and other countries. The Hispanic youth unemployment problems will not fade away, but intensify in the future. Furthermore, future economic conditions will make it more difficult for Hispanic youth in the labor market. The manpower problems of Hispanic youth today will result in more severe labor market experiences of Hispanics in adult life in the workplace.

There is a need for a national commitment toward full employment among youth. Both monetary and fiscal policies should be utilized effectively to stimulate the economy and provide employment opportunities for our Nation's youth in the workplace. More private sector involvement in the shaping of manpower policy and programs is also needed. Affirmative action should be enforced to reduce the extent of labor market discrimination afforded to Hispanic youth and others. Manpower policy and programs should emphasize coordination of youth efforts at the national, State, and local level among schools, prime sponsors, community-based organizations, and employers.

There is a need to provide adequate manpower resources for manpower programs for youth. Despite the fact that millions of dollars are currently being spent on youth employment programs, the resources have barely touched the tip of the iceberg, given the magnitude of the problems of youth. Manpower program mix should not be limited to work experience, on-the-job training, and public service employment. There is a need to develop a national private sector initiative program for youth.

Mr. Chairman, I know we do have that PSIP program presently with the Department of Labor, although it is targeted for all disadvantaged, I believe that this kind of program is needed specifically for youth. I am worried about what happened, and I think the two gentlemen that talked before me mentioned the issue of the private sector involvement in the sixties. I am really concerned that it is not the same experience that we had in the sixties, but we do need to emphasize the private sector initiative because I believe since the jobs are in the private sector, it should be very important that this private sector role be improved.

Financial incentive programs should be developed for those employers who hire the disadvantaged youth, particularly the hidden unemployed. One of the major problems I see is hidden unemployment. Those are the people that dropped out of the labor force and became so discouraged about finding a job, they drop out. Apparently, most of our programs, current manpower programs that we do have in employment and training, although they have helped a lot of youth, they have not served as well the hidden unemployed. I am worried that this has severe implications for the Spanish youth population because if their problems are to continue, the extent of hidden unemployment will be very, very severe. More emphasis should also be placed on a national public service employment for youth. If you analyze some statistics on public service employment programs, youth have been less representative in public service employment and, of course, one of the major reasons is that we do have categorical programs for youth, but apparently PSE component has been deemphasized.

I think it is very important for public and private sector to get involved in this battle.

Resources for community-based organizations like OIC and SER should be increased for them to assist in the preparation of employment for hardcore and hidden unemployed youth. I believe we should see in terms of evaluating our current manpower policies more involvement of these types of organizations, particularly to help those youth who have not been served by manpower programs. I am talking about hidden unemployed in inner cities. It seems to me, although in the past these kinds of organizations have had some problems related to management and otherwise, I believe they do have capability today to try and help with that kind of problem.

Manpower policy for youth in the future should also improve the school-to-work transition. In the past, schools have neglected such emphasis, and this has contributed to the many problems of youth, particularly disadvantaged youth.

I was in a panel with Mr. Adams a few weeks ago. We were talking about this particular issue. Definitely I think in evaluation of manpower policies we need to look at our schools, what they are doing, and I am even in support of trying to go back to reading and writing and arithmetic skills to assist with these employment problems.

Today our youth are ill prepared because of the problems in the schools. It definitely makes it a lot more difficult for them to perform in the labor market, given the other institutional problems like discrimination and what employers do.

Career education is needed to prepare all students for proper entry into the job market and alternative educational opportunities. There is a need for our Nation's schools to evaluate their curriculum to reflect the basic educational skills which are so necessary for employment in the labor market. In the past and present, many of the Nation's youngsters have been ill prepared for the labor market in terms of reading and writing skills.

There is a need for educational institutions to be more responsive to economic trends in the country and the implications for educational programs for youth.

One of the things I have noticed in the 10 years I have been involved in manpower policy is how little education institutions, know about the job market in terms of understanding what is out there. Again it goes back to the point the two gentlemen earlier mentioned about linking the school-to-work transition between employers and schools.

Educational institutions should develop professional and career counseling and occupational information for youth which are deemed necessary for entry into the labor market. Educational institutions should be more responsive to the special needs of certain segments of the population, such as Hispanics.

Special programs, such as bilingual education for Hispanics, may enhance future employment ability for these youngsters. The school-to-work transition cannot be accomplished solely by the educational institutions. Other institutions and intermediaries such as the employment service, community-based organizations, unions, prime sponsors, employers, and other groups, should assist the schools in making the transition of youth into the world of work.

Special consideration should be given to the need of the Hispanic youth population. Vocational education and adult basic education should be more responsive to the needs of Hispanics. Hispanic participation in youth employment training programs needs to be increased to reflect the universe of need for manpower services, particularly on-the-job training and public service employment. Special targeted programs for the hidden unemployed must be developed, given the fact that there are many who have not been served by current manpower programing efforts. More programs need to be developed to assist Hispanic entry into apprenticeship training. There is a need to fund more experimental and demonstration projects on Hispanic youth, particularly for Mexican-Americans and Puerto Rican youth. There is also a need to conduct further research on the experiences of Hispanic youth in the labor market. Additional research should be conducted on issues not limited to CETA, vocational education, job search behavior and the problems of hidden unemployment related to Hispanic youth.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much, Dr. Cardenas.

[The prepared statement of Dr. Cardenas follows:]

STATEMENT BY
GILBERT CARDENAS
BEFORE THE
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
OCTOBER 23, 1979

Mr. Chairman, distinguished members, guests and staff of the Senate Committee on Labor and Human Resources. My name is Gilbert Cardenas. I am a Brookings Institution Economic Policy Fellow and Economist with the Southwest Border Regional Commission. I am currently on leave as Professor of Economics at Pan American University where I teach various courses on manpower policy, labor economics, and industrial relations. It is indeed an honor and privilege to be here to testify on the employment problems and issues of minorities, particularly Hispanics. I would like to thank the members of the Committee for this invitation. In the past and present, I have conducted research on the labor market problems of Hispanics, particularly Mexican-Americans. I have also conducted previous research on manpower policy, CETA, illegal immigration and manpower problems along the United States-Mexico border. This is my personal statement and is not to reflect the official position of the Commission.

The Hispanic population in 1979 is the second largest minority in the nation. The Hispanic population is comprised primarily of Mexican-Americans, Puerto Ricans, Cubans and other Latin Americans that reside in urban and rural labor markets throughout the country. Although the majority of the Hispanic population resides in the southwestern states, large concentrations of Hispanics reside in major metropolitan areas like Detroit, Chicago, New York, and Philadelphia. The economic problems for the Hispanic population in 1979 continue to be associated with high unemployment rates, high incidence of poverty, and low incomes. With unfavorable economic conditions in the country today and a possible economic recession in the near future, the economic situation of Hispanics is likely to worsen in the eighties.

Among the major groups that have been severely affected by the unfavorable state of the labor market is the Hispanic youth population. Hispanic youth throughout the United States are experiencing severe problems in the labor market. In New York City, teenage unemployment rates among Puerto Rican youth are estimated to be as high as 50 percent. In Los Angeles, Mexican-American youth in the inner city are experiencing high unemployment rates of about 40 percent. Southwestern labor markets along the United States-Mexico border are among the poorest in the nation. The border region characterized by a large Mexican-American population experiences the highest unemployment rates in the nation. In 1978, the average unemployment rate in the United States was 6.0 percent as compared to 4.8 percent in Texas. In border labor markets like Laredo and McAllen-Pharr-Edinburg, unemployment was as high as 13.3 percent and 12.8 percent, respectively. In these labor markets unemployment rates among Mexican-American youth were much higher. In some rural labor markets and smaller communities unemployment among Mexican-American youth was as high as 70 percent. Their manpower problems include low labor force participation rates, high rates of unemployment, and low incomes. The barriers to employment for Hispanic youth are related to the lack of educational attainment, lack of usable work experience, and the lack of jobs. Hispanic youth have also experienced severe problems in the labor market because of attitudes of employers toward youth, hiring requirements, and competition for jobs. In some rural labor markets the surplus of unskilled labor makes it difficult for youth to find employment. Oftentimes, Hispanic youth have to compete with women, illegal aliens, and other groups for the same jobs. It is also certain that minimum wage laws may have an indirect effect on the employment status of Hispanic youth.

The youth labor force among Hispanics is over 1.5 million. The labor force participation rate for Hispanic youth in 1978 was 50.4 percent. For Mexican-Americans the labor force participation rate was 53.7 percent as compared to 51.0 percent for Cuban youth. The labor force participation rate for Puerto Ricans was much lower than that of the other Hispanic groups. The Puerto

Rican labor force participation rate was 33.8 percent. Unemployment rates among Hispanic youth have been relatively lower than that of Black youth. The teenage unemployment rate for Hispanic youth in 1978 was 19.9 percent. Unemployment rates for Mexican-Americans and Puerto Ricans in 1978, were 17.6 percent and 30.9 percent, respectively. Teenage unemployment among the Cubans was 25.0 percent. Mexican-Americans had the shortest duration of unemployment averaging 4.0 weeks in 1977. The median duration of unemployment of Puerto Ricans and Cuban youth was 5.1 weeks and 7.7 weeks, respectively.

Hispanic youth in urban and rural labor markets are highly concentrated in the secondary labor markets where employment is characterized by low wages, unfavorable working conditions, and high labor turnover. Many Hispanic youngsters in the inner cities like Los Angeles, San Antonio, and New York find employment in the submarginal labor market. Employment in the submarginal labor market is usually characterized by illegal and illicit activities. Hispanic youth in rural and urban labor markets find usual employment in low wage industries such as services, wholesale, and retail trade, and agriculture working as clerks, operatives, laborers, and service workers.

Hispanic youth are more likely to use informal methods rather than formal methods for seeking employment assistance. Hispanic youth usually find employment through friends or relatives rather than utilizing formal channels of employment like the U.S. Employment Service or private employment agencies. In some instances, Mexican-American youth in the Southwest use less of the employment service because of the failure of the employment service to find adequate jobs for them. Hispanic youth are less likely to find employment through union hiring halls, because in most instances Hispanic youth do not belong to labor unions. Throughout many labor markets, Hispanic youth have been excluded from participation in apprenticeship training.

The educational progress for Hispanic youth has been generally limited. In most instances, Hispanics are lacking in educational attainment. Over the years Hispanic youth have made some gains in education. Some that have been able to avail themselves of educational opportunities in higher education often experience discrimination in the labor market. Despite the fact that their educational levels are well above their parents, Hispanic youth continue to have lower levels of educational attainment than their Black and White counterparts. The median years of school completed for Hispanic youth was 10.9 years in 1978. For Mexican-Americans the median years of educational attainment was 11.0 years; this compares to 10.8 years for Puerto Rican youth in 1978.

The low educational attainment of Hispanic youth is attributed to a variety of factors, namely, high dropout rates, cultural factors, as well as language barrier. In the case of Mexican-Americans, many youngsters drop out of school for economic reasons. This is more common among Hispanic migrant farmworker families who travel year to year to gather the nation's crops. Another dilemma that has contributed to the low educational levels of Hispanic youth is the lack of career education programs to assist youngsters in the transition from school to the world of work.

Among the major problems of Hispanic youth in 1979 is the issue of unemployment. Teenage unemployment rates for Hispanic youth are much higher than for the general Hispanic population. In 1977, the unemployment rate for the Hispanic population was 10.0 percent as compared to 22.3 percent for the Hispanic youth population. Hispanic youth unemployment rates were much higher than that of White youth but significantly lower than Black youth. In 1977, the teenage unemployment rate among Blacks was 41.4 percent as compared to 15.5 percent among White youth. In 1979, the unemployment rate for Hispanic teenagers has been as high as 21.0 percent. Mexican-American and Puerto Rican youth have experienced high unemployment rates of 21.3 percent and 26.9 percent, respectively.

Teenage unemployment rates among Hispanic youth are relatively high because of their limited work experience. Their joblessness is also associated with their age, lack of labor force skills, and low educational levels. In many instances, changing attitudes toward the world of work, instability, and insecurity contribute to their own joblessness. Frequent entry and reentry into the labor force also affects their unemployment status. Institutional discrimination among employers may also contribute to this problem. In the various metropolitan areas, employers may discriminate against youth because of their age, race, or educational attainment. Moreover, they may prefer other workers like women who may demonstrate more job stability. In border labor markets like in El Paso, Texas, teenagers often have to compete for similar jobs with women, illegal aliens, and border commuters. In many instances, the last to be hired are the Hispanic youth.

Hispanic youth often experience short-term frictional unemployment resulting from temporary difficulties in matching available workers with available jobs. This type of unemployment usually arises from the lack of knowledge of job opportunities. Structural unemployment associated with economic changes in the structure of jobs as well as by automation and competition of imports is common among Hispanic youth. Many migrant farmworker youth continue to be structurally displaced due to mechanization in agriculture. Some of the apparel workers in the east and west coast have been hurt by structural factors associated with the competition of imports. Hispanic youth in 1979 have also lost their jobs or have been unable to find employment because of cyclical factors related to the lack of aggregate demand for goods and services. Cyclical unemployment is common among Hispanic youth that have been hurt by recent changes in business activity in the country.

Minimum wage laws in the past and present have not helped in the plight of Hispanic youth. Minimum wages, like other factors such as payroll taxes, and fringe benefits, have increased the cost for firms employing workers. This dilemma makes it more difficult for employers to hire youth, particularly disadvantaged youth. With such increases, employers are faced with decisions to curtail employment. The employed youth are the last to be hired and first be be fired. In most instances, these workers are usually minority youth.

Among the major programs in schools to assist youth in the preparation for labor market participation is vocational education. Hispanic youth in secondary schools are largely represented in vocational education. Many of the Hispanic youth in vocational education are there because of the lack of information on alternative choices in the world of work. Oftentimes, the demand for such occupations in vocational training in specific labor markets is not there, and the rate of joblessness among Hispanic youth increases upon completion of the training. Hispanic youth, like other youth, have rather limited knowledge about career opportunities in the world of work. Hispanic youth, like other groups, have very limited knowledge about how to find jobs in the labor market.

Hispanic participation in CETA manpower programs among youth has been limited to work experience rather than on-the-job training programs or public service employment. Under the Youth Employment and Demonstration Projects Act of 1977, Hispanic participation in youth programs has increased slightly over the years. Among the programs that Hispanics usually participate in include the Job Corps, the Youth Employment and Training Programs (YETP) and the Youth Community Conservation and Improvements Project (YCCIP). The Youth Employment and Training Program (YETP), targeted by income for in-school youth, provides opportunities for work experience but also emphasizes developing reliable labor market information for dissemination to students through vocational exploration and career counseling. The YCCIP is designed to assist out-of-school youth that are unemployed in the labor market. Hispanic youth, however, continue to be underrepresented in some of these programs. In 1976, about 40.0 percent and 42.0 percent of the enrollments in work experience programs were White and Black youth, respectively. Only 16 percent of the total enrollees were of Hispanic origin. In the summer youth program for FY-1977, about 12.5 percent of the total enrollees were Hispanic in comparison to Whites (44.4 percent) and Blacks (48.0 percent). Relative to the universe of need for manpower services, Hispanic youth are underrepresented in manpower programs.

Many economists have agreed that youth unemployment has been simply a product of the baby boom and that youth unemployment will decline as the youth population decreases. Although there is much validity for such economic analysis, this is not the case for Hispanic youth. The Hispanic youth population is likely to continue to increase. Population increases will be associated with the high fertility rates among Hispanic women as well as the flow for legal and illegal immigration from Mexico and other countries. The Hispanic youth unemployment problems will not fade away, but intensify in the future. Furthermore, future economic conditions will make it more difficult for Hispanic youth in the labor market. The manpower problems of Hispanic youth today will result in more severe labor market experiences of Hispanics in adult life in the workplace.

There is a need for a national commitment toward full employment among youth. Both monetary and fiscal policies should be utilized effectively to stimulate the economy and provide employment opportunities for our nation's youth in the workplace. More private sector involvement in the shaping of manpower policy and programs is also needed. Affirmative action should be enforced to reduce the extent of labor market discrimination afforded to Hispanic youth and others. Manpower policy and programs should emphasize coordination of youth efforts at the national, state, and local levels among schools, prime sponsors, community-based organizations, and employers.

There is a need to provide adequate manpower resources for manpower programs for youth. Despite the fact that millions of dollars are currently being spent on youth employment programs, the resources have barely touched the tip of the iceberg, given the magnitude of the problems of youth. Manpower program mix should not be limited to work experience, on-the-job training, and public service employment. There is a need to develop a national private sector initiative program for youth. Financial incentive programs should be developed for those employers who hire the disadvantaged youth, particularly the hidden unemployed. More emphasis should also be placed on a national public service employment for youth. Resources for community-based organizations like OIC and SER should be increased for them to assist in the preparation of employment for hard-core and hidden unemployed youth.

Manpower policy for youth in the future should also improve the school-to-work transition. In the past, schools have neglected such emphasis, and this has contributed to the many problems of youth, particularly disadvantaged youth. Various educational programs not limited to vocational education and work experience, should emphasize school-to-work through career education and development. Career education is needed to prepare all students for proper entry into the job market and alternative educational opportunities. There is a need for our nation's schools to evaluate their curriculum to reflect the basic educational skills which are so necessary for employment in the labor market. In the past and present, many of the nation's youngsters have been ill-prepared for the labor market in terms of reading and writing skills.

There is a need for educational institutions to be more responsive to economic trends in the country and the implications for educational programs for youth. Educational institutions should develop professional and career counseling and occupational information for youth which are deemed necessary for entry into the labor market. Educational institutions should be more responsive to the special needs of certain segments of the population such as Hispanics. Special programs, such as bilingual education for Hispanics, may enhance future employment ability for these youngsters. The school-to-work transition cannot be accomplished solely by the educational institutions. Other institutions and intermediaries such as the employment service, community-based organizations, unions, prime sponsors, employers, and other groups, should assist the schools in making the transition of youth into the world of work.

Special consideration should be given to the needs of the Hispanic youth population. Vocational education and adult basic education should be more responsive to the needs of Hispanics. Hispanic participation in youth employment training programs needs to be increased to reflect the universe of need for manpower services, particularly, on-the-job training and public service employment. Special targeted programs for the hidden unemployed must be developed, given the fact that there are many who have not been served by current manpower programming efforts. More programs need to be developed to assist Hispanic entry into apprenticeship training. There is a need to fund more experimental and demonstration projects on Hispanic youth, particularly for Mexican-Americans and Puerto Rican youth. There is also a need to conduct further research on the experiences of Hispanic youth in the labor market. Additional research should be conducted on issues not limited to CETA, vocational education, job search behavior and the problems of hidden unemployment related to Hispanic youth.

The **Chairman**. I turn now to Dr. Smith.

Dr. **Smith**. I appreciate this opportunity for allowing me to appear before this committee to discuss youth labor market programs and policies.

The discussion of the panel thus far has mentioned women just in passing, mostly in terms of potential conflict with providing job opportunities for youth. I would like to first remind everyone that half of the youth population is female, and that they do have some special concerns.

In my view, the movement of women into the labor force—a very rapid movement since World War II—has been one of the most important social and economic developments that our country has had.

In my testimony I would like to focus on the implications of this change for the youth labor market and youth labor market policies over the next decade. I would like to make just three points:

First. In the decade of the eighties an increasing percentage of the labor force, including the youth labor force, will be female.

Second. The most pervasive problem working women, as a group, face now and will continue to face over the next decade is occupational segregation, segregation which puts the majority of women into jobs that are low paying and provide few opportunities for advancement.

My third point is that youth-oriented policies and programs of the sort your committee and subcommittees will be taking up over the next year need to be designed and implemented in ways that will open up to women a much larger number of job options.

The hour is late. I would like to simply summarize my statement and have the full statement in the hearing record.

The **Chairman**. It will be.

Dr. **Smith**. Today over half of all women of working age are either working or looking for work. In the post-World War II period, the female labor force has more than doubled. There is every reason to anticipate that more and more women will be added to the work force throughout the next decade.

The revolution in women's roles means that young women should anticipate that they will be in the labor market as adults. They will be in the labor market whether or not they marry—and most will marry—and they will be in the labor market whether or not they have children—and most will have children. It is difficult to project just how many women will be coming in, but even the most conservative projections call for nearly 1 million women per year to be added to the work force over the course of the next decade.

As you, of course, well know, the size of the young working age population will be shrinking. This means that the number of youth in the labor force will probably decrease as well. However, I think it is important to note that the size of the young female labor force may not decline at all. Their labor force participation rates have been going up rapidly. There is every reason to expect that they will continue to increase, probably not at the same pace as over the last decade, but still rapidly enough to keep the size of the young female labor force roughly where it is today. That, combined with the expected decline in the young male labor force, means that by the end of the next decade, women should constitute nearly half of the entire youth labor force.

The women who have been entering and remaining in the job market have come with a wide assortment of backgrounds and have encountered a large number of problems. But the one that most women share, and I think is most important, is that when they do find employment the jobs they find are usually stereotypically women's work.

By that I mean jobs that if I give you the name of the job and ask you who was likely to hold it, you would answer that it would be a woman—a nurse, kindergarten teacher, typist, receptionist, dental hygienist, and so forth.

The concentration of women in predominantly female jobs contributes to the large overall earnings differential between men and women. One of the great constants in labor economics has been the ratio of female to male earnings. It has remained plus or minus two points around 60 percent for as long as statistics have been kept. That is, women earn about $6 for every $10 earned by men. Occupational segregation is, I think, the root cause of much of that differential. Segregation begins at a very early age. It shows up clearly in the jobs that are held by female and male youth.

In my statement, I provide some tables on this. Just looking at young women who are not in school and are under the age of 22, 41 percent of them are already working in clerical occupations; among their male peers only 6 percent are working in clerical occupations. Less than 2 percent of young women are in craft occupations, compared with 18 percent of their male peers. Similar patterns show up for both blacks and whites.

Sex segregation is much more extensive than either segregation by age or race. Young white women are somewhat more likely than young black women to be in white collar jobs, but the differences are now relatively small. Fortunately, the era of black women mainly being domestic servants is over. It sometimes is alleged that one adverse impact of so many adult women coming into the labor force has been that they compete with youth, especially minority youth. I would like to point out that the jobs that adult women have been finding are mainly jobs that women—women of all ages—hold. To the extent that there is direct competition, it is most likely among adult women and young women of either race, There is no evidence whatsoever to suggest that there is much competition between jobs held by adult white women and those held by minority men of any age.

Turning to some of the policy implications, a major goal of education, employment and training programs for youth is and should be to provide experiences that will improve their lifetime employability. For young women as a group, achievement of this employability goal involves opening up a wider range of occupational choices than just the so-called women's jobs. Young women do not have much greater immediate employment problems than do young men. It is true their unemployment rates are slightly higher than those of young men, and their earnings are lower, but these differences are small compared to the gaps that open up at later ages.

The age-earnings profile for women is much flatter than that for men. That is, as men age, especially white men, the typical pattern is that their real earnings increase. For women that occurs, but to a much smaller extent.

Again the main reason for this is the kind of jobs that women hold, and begin holding at an early age, are jobs that do not provide much career potential. This I believe is where the kind of programs that your committee is taking up can play an important role.

Women are paying a large price for being in so-called women's jobs. The problem of their low earnings is especially serious for the many women who are or will be the sole support of their children. Half of all poor families today are families that are headed by a woman, that is, in which there is no husband present.

The critical need for all young women is to be counseled on the opportunities that are available in the full range of occupations and to have equal access to the programs that can prepare them for their chosen vocations. It should be made clear to each young woman that she will spend a significant portion of her adult life in the labor force, and that her future well-being is affected by how well she prepares for it. Because women have not been in certain occupations, such as craft occupations, in large numbers in the past, effective equal access may require additional steps, such as clustering women in training programs for nontraditional occupations, use of role models and "new girl" networks, and the like.

I think the important point is that the education, employment, and training programs should be run in such a way that will facilitate, rather than impede, occupational integration.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Smith.

[The prepared statement of Mr. Smith follows:]

STATEMENT BY
RALPH E. SMITH, ECONOMIST
NATIONAL COMMISSION FOR EMPLOYMENT POLICY
BEFORE THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
October 23, 1979

I appreciate this opportunity to appear before the Committee to discuss youth labor market policies. The movement of women into the labor force has been one of the most important social and economic developments in this country since the end of World War II. The focus of my testimony will be on some of the implications of this change for the youth labor market. Tomorrow the Director of the Commission, Dr. Sawhill, will testify on a broader set of issues relating to youth labor market goals and policy options. My testimony is not intended to reflect the official views of the National Commission for Employment Policy.

The basic points I want to make are:

(1) over the next decade, an increasing percentage of the labor force, including the youth labor force, will be female;

(2) the most pervasive problem working women, as a group, face is occupational segregation, through which the majority of them are found in a limited number of occupations, most of which pay relatively low wages; and

(3) it is important that youth-oriented education, employment and training policies be designed and implemented in ways that will open up to women a much larger number of job options.

The Movement of Women into the Labor Force

Today, half of all women age 16 and over are working or looking for work. In the past three decades, the female labor force has more than doubled, from 17 million in 1948 to almost 42 million last year. There is every reason to expect that more women will be added to the work force, as job opportunities and wages increase and attitudes of men and women about the acceptability of women working outside the home continue to liberalize. A generation ago, married women were expected to stay home, and four out of five did so. Today half of all married women are in the labor force, including over 40 percent of mothers with children under age six.

The revolution in women's roles means that young women should anticipate that they will be in the labor market as adults--whether or not they marry and whether or not they have children. The trend will continue, although its precise course is impossible to predict. The uncertainties inherent in labor force projections necessitate a wide range of projections. But under even the most conservative assumptions, the overall female labor force participation rate would increase from 50 percent in 1978 to about 55 percent in 1990. The Bureau of Labor Statistics provides three sets of projections for the labor force participation rates of women in 1990, ranging from 54 to 60 percent of the female population age 16 and over (Table 1). These estimates correspond to a projected growth in the labor force of between 10 and 15 million women by 1990.

Table 1
PROJECTIONS OF FEMALE LABOR FORCE GROWTH, 1978-1990

	Population (Thousands)		Labor Force Participation Rate (Percent)				Labor Force (Thousands)				Projected Labor Force Growth (Thousands)		
	Actual	Projected	Actual 1978	Projected, 1990			Actual 1978	Projected, 1990					
				Smith	BLS Low	BLS High		Smith	BLS Low	BLS High	Smith	BLS Low	BLS High
Total, ages 16 and over	83,765	94,971	50.0	54.8	53.8	60.4	41,878	51,890	51,049	57,383	10,012	9,171	15,505
Ages 16-24	18,317	15,409	61.8	67.1	67.3	78.2	11,322	10,420	10,375	12,054	- 902	- 947	732
Ages 25-54	41,268	52,067	60.5	68.6	69.0	76.1	24,968	35,706	35,942	39,630	10,738	10,974	14,662
Ages 55 and Over	24,179	27,495	23.1	21.2	17.2	20.7	5,588	5,764	4,732	5,699	176	- 856	111

SOURCES: 1. All data for 1978 are from Employment and Earnings, Vol. 26 (January 1979) and are for the civilian noninstitutional female population.

2. The Smith projections are from Ralph E. Smith, Women in the Labor Force in 1990 (Urban Institute, 1979); the population projections on which the labor force projections are based are slightly different from the ones reported here.

3. The BLS projections are from Paul O. Flaim and Howard N. Fullerton, "Labor Force Projections to 1990: Three Possible Paths," Monthly Labor Review, Vol. 101 (December 1978), pp. 25-35.

As is well-known to the members of this Committee, the size of the young working-age population (16-24) will be shrinking over the next decade. This means that the number of the youth in the labor force will probably decrease as well. However, if the labor force participation rates of young women continue to increase as sharply as they have in recent years, the number of young females in the labor force may decline only slightly or not at all. Last year there were 18.3 million females between the ages of 16 and 24, of whom 11.3 million (62 percent) were in the labor force. In 1990, there will only be 15.4 million young women, but a much larger percent (between 67 and 78 percent) are expected to be in the labor force. The projected labor force levels are between 10.4 million and 12.1 million--within one million of last year's number. Under each of these projections, it is expected that women's share of the youth civilian labor force will rise from its present 46 percent to around 50 percent.

Occupational Segregation

The women who have been entering and remaining in the labor force have a wide assortment of backgrounds and problems. Some have husbands who are unemployed or have low wages. Some are the sole supporters of their children. Some need to have non-standard work schedules or arrange for childcare. Some experience frequent spells of unemployment. But the most common experience of these women is that, when they do find employment, the jobs usually involve doing sterotypically "women's work." Last year, of the 39 million women who were employed, nearly 60 percent were in just five predominantly female occupation groups: 13.5 million were clerical workers; 3.3 million were nurses, health technicians, and health service workers; 3.0 million were food service workers; 2.1 million were teachers (not including higher education); and 1.1 million were service workers in private households. Jobs in these occupations often provide low wages and offer limited opportunities for advancement.

The concentration of women in predominantly female jobs contributes to the large overall earnings differential between women and men. On average, women working year-round full-time earn only about 60 percent of the earnings of men. This earnings differential and the underlying pattern of occupational segregation have been remarkably stable over the entire period of women's large-scale movement into the labor force.

Occupational segregation by sex begins at an early age and shows up clearly in the jobs held by female and male youth. Forty-one percent of employed out-of-school women between the ages of 16 and 21 are in clerical jobs, compared with only six percent of their male peers (Table 2). Less than two percent of young women are in craft occupations, compared with 18 percent of the young men. Similar patterns show up for each race.

The way we group occupations can mask much of this segregation. For example, within the category, professional and technical workers, are engineers, who are mostly male, and nurses, who are mostly female. The Appendix to this statement reports estimates of the occupational distributions of men and women, by age and race, at a more detailed level. The Appendix also provides indices of occupational dissimilarity between the sexes, between the ages, and between the races.

Table 2

EMPLOYED PERSONS, AGES 16-21 (OUT-OF-SCHOOL), BY SEX, RACE, AND OCCUPATIONAL GROUP, 1978
(Percentage Distributions)

	White Males	Black & Other Males	White Females	Black & Othe Females
Total Employed, Ages 16-21 Out of School (=100%)	5,053,000	541,000	4,273,000	476,000
Professional, Technical & Kindred	3.4%	3.3%	4.4%	3.2%
Managers & Administrators, except farm	3.0	1.4	2.2	0.8
Sales Workers	4.8	3.0	8.8	5.7
Clerical Workers	6.2	8.5	40.9	40.1
Craft and Kindred Workers	18.6	8.9	1.6	1.3
Operatives, except transport	19.6	18.1	10.8	14.9
Transport Equipment Operatives	5.7	6.0	.5	0.4
Non-Farm Labor	20.8	24.6	2.4	2.7
Private Household Workers	0.1	0.2	3.1	2.1
Service, Except Private Household	12.7	22.5	24.0	27.7
Farmers and Farm Managers	0.7	0.2	0.1	0.0
Farm Laborers & Foremen	4.3	4.3	1.2	1.0

EMPLOYED PERSONS, AGES 25-59, BY SEX, RACE, AND OCCUPATIONAL GROUP, 1978

otal Employed, Ages 25-59 (=100%)	35,361,000	4,053,000	22,759,000	3,589,000
Professional, Technical & Kindred	18.0%	11.4%	18.5%	16.6%
Managers & Administrators, except farm	17.5	7.8	7.7	3.3
Sales Workers	6.2	2.5	6.7	2.7
Clerical Workers	5.6	7.6	35.2	24.5
Craft & Kindred Workers	23.1	17.4	2.0	1.4
Operatives, except Transport	10.1	15.9	11.2	16.0
Transport Equipment Operatives	5.7	9.7	0.8	0.6
Non-Farm Labor	4.3	11.5	1.0	1.3
Private Household Workers	0.0	0.1	1.4	7.0
Service, except Private Household	6.0	13.3	14.1	25.9
Farmers & Farm Managers	2.4	0.4	0.4	0.1
Farm Laborers & Foremen	0.9	2.6	1.0	0.7

OURCE: Unpublished Current Population Survey data provided by the Bureau of Labor Statistics. Totals may not sum to 100 percent due to rounding.

Based on analysis of this information, I find that sex segregation in employment is much more extensive than either age or race segregation. The jobs held by young women are more similar to those of older women than to those of young men and the jobs held by young white women have more in common with those of young black women than with those of young white men. The majority of women who were working last year--whether black, white, young, or old--were in clerical and service occupations. There were hardly any women, of any age or race, employed in the craft occupations. Young white women are somewhat more likely than young black women to be in white collar occupations, but the differences are relatively small; the era of black women mainly becoming domestic servants is over.

It is sometimes alleged that one adverse impact of so many adult white women moving into the labor force in recent years is that they compete with youth, especially minorities, for the same jobs and that employers generally prefer them. My analysis of these data shows that adult white women simply are not getting the kinds of jobs that young men of either race typically get. The jobs held by adult white women have more in common with the jobs held by every other female group than those held by any male group. Thus, to the extent that there is direct competition between the large number of adult white women who have entered and remained in the labor force and youth, it appears to be primarily between these women and other women, both black and white.

Implications

A major goal of education, employment, and training programs for youth is to provide experiences that will improve their lifetime employability. For young women, as a group, achievement of this goal involves opening up a wider range of occupational choices than just the "women's jobs."

Young women do not have much greater immediate employment problems than young men. Their unemployment rates are slightly higher and their wages are lower. But these differences are small, compared to the gaps between the sexes that exist for older workers. The ratios of female to male unemployment rates and earnings both widen with age (Table 3). Of course, some of these differences are due to the greater average labor force attachment of men. But some are also due to the lack of opportunities for advancement in most of the fields in which women are concentrated. Indeed, the lack of advancement opportunities and seniority rewards discourages the formation of long-term attachments. It appears that young women are less likely than young men to be launching careers that will provide them with increasing earnings over time.

Women earn less than men in every age group, but are never closer than when they are young. Women in the 18-24 age group who are working year-round, full-time earn 77 percent of the earnings of young men. Among year-round full-time workers at ages 40-44, women earn only 50 percent of what men earn. A similar pattern is found comparing men and women with the same level of education.

Why is the age-earnings profile so much steeper for men than for women? One reason is surely that men are getting into occupations that reward seniority and provide opportunities for advancement. Women are more likely

Table 3

MEAN EARNINGS OF YEAR-ROUND, FULL-TIME WORKERS, BY AGE AND SEX, 1977

	Female	Male	Female/Male
Total, Ages 18 and over	$ 9,133	$ 16,171	56.5%
Ages 18-24	7,338	9,497	77.3
Ages 25-29	9,500	13,287	71.5
Ages 30-34	9,625	16,220	59.3
Ages 35-39	9,830	18,322	53.7
Ages 40-44	9,333	18,568	50.3
Ages 45-49	9,653	18,720	51.6
Ages 50-54	9,541	18,308	52.1
Ages 55-64	9,241	16,968	54.5
Ages 65 and over	7,604	14,649	51.9

UNEMPLOYMENT RATES, BY AGE AND SEX, 1978

	Female	Male	Female/Male
Total, Ages 16 and over	7.2%	5.2%	1.4
Ages 16-17	19.5	19.2	1.0
Ages 18-19	15.3	13.2	1.2
Ages 20-24	10.1	9.1	1.1
Ages 25-29	7.0	5.2	1.4
Ages 30-34	6.2	3.3	1.9
Ages 35-39	5.3	2.9	1.8
Ages 40-44	4.7	2.7	1.7
Ages 45-49	4.1	2.7	1.5
Ages 50-54	3.9	2.8	1.4
Ages 55-64	3.2	2.7	1.2
Ages 65 and over	3.8	4.2	0.9

SOURCES:

1. Mean earnings data are from U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 118, "Money Income in 1977 of Families and Persons in the U.S." (1979).
2. Unemployment rates are from Employment and Earnings, Vol. 101, (January 1979).

than men to be in the kinds of jobs in which twenty years later they are still doing basically the same thing. This is where education, employment, and training programs can play an important role.

Women are paying a large price for being in "women's jobs." As previously noted, the average wages of female workers are only around 60 percent of that of male workers, a gap that has persisted for many years. While some of this difference is due to women being paid less than men for doing the same job, much of it is associated with women being in lower-paying occupations. Evidence of this is found in studies that decompose the total wage difference between the sexes into that which is associated with wage differences in the same occupation, differences in occupational distributions, and the interaction of these factors. One such study, using very detailed data from the 1970 Census, found that differences in occupational distributions accounted for about 28 percent of the male-female wage rate difference among whites and 22 percent among blacks. Indeed, estimates of this sort probably understate the impact of segregation, since one reason why the wages in predominantly-female occupations are so low is that there are so many women entering them. The continued rapid growth of the female labor force, without a reduction in segregation, would perpetuate this pattern.

The problem of low earnings is especially serious for the many women who are, or will be, the sole support of their children. In 1977 there were more than eight million families headed by women. One-third of them had incomes below the poverty line. In fact, half of all poor families in the U.S. were headed by women. Their success in providing adequate income for themselves and their children depends, to a large extent, on whether they can find jobs and the kinds of jobs they find. For example, less than seven percent of the families in which the woman was working full-time as a professional or managerial worker were poor, compared with 33 percent of the families in which the woman worked full-time as a service worker.

In 1977 almost one million of the women who headed their own families were under the age of twenty-five. Most had pre-school age children. The mean income of these families was under $5,000 per year. A women who bears her first child while very young is especially likely to be in need of education, employment, and training programs. Early childbearing often leads to interrupted education which, in turn, results in greater difficulty in finding work, lower wages, and dependence on welfare. Access to program and jobs for these women may require childcare assistance and the opportunity to participate on a part-time basis.

The critical need for all young women is to be counseled on the opportunities that are available in the full range of occupations and to have equal access to the programs that could prepare them for their chosen vocations. It should be made clear to each young woman that she will spend a substantial part of her adult life in the labor force and that her future well-being is affected by how she prepares for it. Young women should not be compelled to go into predominantly male occupations, nor should they be forced to enter predominantly female occupations.

Because women have not been in certain occupations in significant numbers in the past--for example, the construction crafts--effective equal access may require additional steps. It may be desirable , for example, to cluster women in training programs for nontraditional occupations, rather than have only one woman enter, with all the pressure this could entail. Other techniques, such as the use of role models and "new girl" networks, may help to provide a supportive atmosphere in which the young women would have, in reality, a wider career choice. The important point is that the education, employment and training programs should be operated in such a way that they will facilitate integration.

Appendix

The pattern of occupational segregation between the sexes observed in the major occupational groups is even more pronounced in the detailed occupations. A major occupational group, such as "professional, technical and kindred workers," includes occupations as diverse and segregated as engineers, physicians, nurses, and elementary school teachers. Comparisons of occupational distributions between men and women based on the major occupation groups would suggest a much more integrated labor market than really exists. This appendix reports estimates of the number of workers employed in each of forty-four more detailed occupational categories and indices of occupational dissimilarity, by age, race, and sex calculated from these estimates.

The data are 1978 annual averages from the Current Population Survey, a monthly survey of about 56,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics. The estimates reported here for youth are for the approximately ten million persons between the ages of 16 and 21 who were employed and whose major activity was reported to be something other than being in school. The estimates for adults are for about sixty-six million employed persons between the ages of 25 and 59. Because of the small sample size, especially for the young and nonwhite groups, accurate estimates of the number of people employed in specific occupations are not possible. However, the general patterns indicated by these data should be correct. Appendix Tables 1 and 2 provide the survey estimates of the number of people within each demographic category who were employed in 1978 and the percentage of each group that was employed within each occupation.

To estimate the extent to which the occupational distributions of the eight demographic groups vary with one another, indices of occupational dissimilarity between pairs of groups were calculated. The index is constructed such that if two groups had identical occupational distributions the value of the index would be zero. If all of one group were in one set of occupations and all of the other group were in another, the index would be 100. 4/ The more alike two groups are in terms of the kinds of jobs they get, then, the lower will be the index of dissimilarity.

Appendix Table 3 reports estimates of occupational dissimilarity, by sex, race, and age, based on this index and the percentages in the preceding table. These estimates strongly support the observation that the labor market is more segregated by sex than by either age or race. The four indices of dissimilarity between the sexes, each comparing the occupations of men and women of the same age and race, are much higher than the others. For example, the index for female vs. male white youth is 58, the highest value in the table; the index for young white women vs. older white women is 31, indicating less dissimilarity; and the index for young white vs. young black women is only 12, indicating hardly any difference in the kinds of jobs these two groups acquire.

4/ The index is calculated by taking the absolute difference between the percentage of one group's workers in a given occupation and the percentage of the other group's workers in that occupation, summing the differences across all occupations (in this case forty-four occupations), and dividing the sum by two. Indices of occupational dissimilarity between all employed women vs. men for 1960 and 1970, using this formula, were reported in the 1973 Economic Report of the President. Only a slight reduction in disimilarity was found during that decade.

It is interesting to note that age makes a much bigger difference for white males than for any of the other race-sex groups. White males are more likely than the others to become managers and administrators and move out of the lesser-skilled jobs. Less mobility is indicated for the other groups.

To examine the extent to which adult white women have been competing with other groups in the labor market, an occupational dissimilarity index between this group and each of the other seven groups was calculated (Appendix Table 4). This suggests that the kinds of jobs adult white women have been getting are most similar to the jobs held by other women--regardless of age and race--and least like those held by young men. Between any of the other female groups and the adult white women, the index is never greater than 31, while the index between adult white women and each of the four male groups is over 50. The lack of a substantial overlap between the jobs held by adult white women and young men is apparent when one considers how many young men are employed in unskilled labor jobs and how many women are employed in office jobs.

The point here is that the labor market is still so segregated by sex that the movement of large numbers of women into the labor market is more likely to cause increased competition among women, themselves, rather than with men. To the extent that there is competition with men it is likely to be at the margin and indirect.

Appendix Table 1

EMPLOYED PERSONS, AGES 16-21 (OUT-OF-SCHOOL), BY SEX, RACE, AND DETAILED OCCUPATION, 1978
(Percentage Distributions)

	White Males	Black & Other Males	White Females	Black & Other Females
Total Employed, Ages 16-21 Out of School (=100%)	[illegible],053,000	541,000	6,273,000	476,000
Professional, Technical & kindred	3.4%	1.3	4.4%	3.1%
Engineers	0.2	0.0	0.0	0.0
Physicians, Dentists, related practitioners	0.0	0.0	0.0	0.0
Other Health	0.2	0.6	1.4	0.6
Teachers, except College & University	0.1	0.2	0.6	0.4
Engineering & Science Technicians	1.2	0.8	0.3	0.2
Other Professional (Salaried)	1.4	1.7	1.9	1.6
Other Professional (self-employed)	0.2	0.2	0.1	0.0
Managers & Administrators, except farm	3.0	1.4	2.2	0.8
Manufacturing (salaried)	.2	0.0	0.1	0.0
Other Industrial (salaried)	2.5	1.4	2.1	0.8
Other Industrial (self-employed)	0.1	0.0	0.0	0.0
Retail (Self-employed)	0.2	0.0	0.0	0.0
Sales Workers	4.8	3.0	8.8	5.7
Retail	3.8	2.2	7.9	5.2
Other	1.0	0.8	0.9	0.6
Clerical Workers	6.2	8.5	40.9	40.1
Bookkeepers	0.2	0.0	2.8	1.2
Office Machine Operators	0.6	0.7	2.1	2.6
Stenographers, typists and Secretaries	0.1	0.4	13.7	13.8
Other Clerical	5.3	7.4	22.3	22.4
Craft and Kindred Workers	18.6	8.9	1.6	1.3
Carpenters	3.2	0.9	0.0	0.0
Other Construction Craftsmen	4.5	2.7	0.2	0.2
Foremen, n.e.c.	0.6	0.2	0.0	0.4
Machinists and Job Setters	0.8	0.4	0.0	0.0
Other Metal Workers	0.8	0.2	0.0	0.0
Automobile mechanics	3.1	1.5	0.0	0.0
Other mechanics	2.9	1.3	0.0	0.0
Other Craftsmen	2.9	1.7	1.1	0.6
Operatives, except transport	19.6	18.1	10.8	14.9
Mine Workers	0.8	0.2	0.0	0.0
Motor Vehicle Equipment	0.8	1.7	0.3	0.2
Other Durable goods	7.5	6.7	4.1	4.0
Other Non-Durable goods	3.8	5.4	4.8	8.2
All other	6.7	4.3	1.7	2.4
Transport Equipment Operatives	5.7	6.0	.5	0.4
Drivers & Deliverymen	4.7	4.3	0.4	0.2
All Other	1.0	1.7	0.1	0.2
Non-Farm Labor	20.8	24.6	2.4	2.7
Construction	4.9	4.3	0.1	0.2
Manufacturing	3.6	5.2	0.6	0.6
All Other	12.3	15.1	1.7	1.9
Private Household Workers	0.1	0.2	3.1	2.1
Service, Except Private Household	12.7	22.5	24.0	27.7
Cleaning	3.3	8.3	1.5	3.8
Food Service	7.0	10.1	14.2	12.0
Health Service	0.4	0.9	5.0	6.5
Personal Service	1.0	1.9	3.1	4.6
Protective Service	0.9	1.3	0.2	0.8
Farmers and Farm Managers	0.7	0.2	0.1	0.0
Farm Laborers & Foremen	4.3	4.3	1.2	1.0
Paid Laborers & Foremen	3.4	4.3	0.8	0.8
Unpaid Family	0.9	0.0	0.4	0.2

SOURCE: Unpublished Current Population Survey data provided by the Bureau of Labor Statistics. Totals may not sum to 100 percent due to rounding.

Appendix Table 2

EMPLOYED PERSONS, AGES 25-59, BY SEX, RACE, AND DETAILED OCCUPATION, 1978
(Percent Distributions)

	White Males	Black & Other Males	White Females	Black & Other Females
Total Employed, Ages 25-59 (=100%)	35,361,000	4,053,000	22,759,000	3,989,000
Professional, Technical & Kindred	18.0%	11.4%	16.5%	16.6%
Engineers	2.9	1.5	0.0	0.1
Physicians, Dentists, related Practitioners	1.5	0.9	0.2	0.6
Other health	0.5	0.7	4.7	4.7
Teachers, except College & University	2.0	1.3	7.0	3.9
Engineering & Science Technicians	1.7	1.1	0.3	0.4
Other Professional (Salaried)	8.4	5.6	3.8	6.9
Other Professional (Self-employed)	1.1	0.3	0.5	0.1
Managers & Administrators, except farm	17.5	7.8	7.7	3.3
Manufacturing (Salaried)	3.0	0.6	0.5	0.1
Other Industrial (Salaried)	11.5	5.5	5.8	2.8
Other Industrial (Self-employed)	1.7	0.7	0.5	0.1
Retail (Self-employed)	1.3	0.9	0.9	0.4
Sales Workers	6.2	2.5	6.7	2.7
Retail	1.6	0.9	4.6	1.8
Other	4.6	1.6	2.1	0.8
Clerical Workers	5.6	7.6	35.2	24.5
Bookkeepers	0.3	0.3	5.3	1.6
Office Machine operators	0.3	0.4	1.5	1.9
Stenographers, Typists & Secretaries	0.1	0.2	12.8	6.8
Other Clerical	4.9	6.6	15.7	14.2
Craft & Kindred Workers	23.1	17.4	2.0	1.4
Carpenters	2.2	1.3	0.0	0.0
Other Construction Craftsmen	4.7	4.3	0.1	0.0
Foremen, n.e.c.	3.4	2.3	0.6	0.2
Machine Jobset	1.1	0.8	0.1	0.0
Other Metal Workers	1.2	0.8	0.1	0.1
Automobile Mechanics	2.2	2.0	0.0	0.0
Other Mechanics	4.2	2.7	0.1	0.1
Other Craftsmen	4.2	3.0	1.0	0.9
Operatives, except Transport	10.1	15.9	11.2	16.0
Mine Workers	0.4	0.2	0.0	0.0
Motor Vehicle Equipment	0.9	1.7	0.3	0.6
Other Durable Goods	4.5	6.3	4.2	5.1
Other Non-Durable goods	2.3	4.4	5.2	7.4
All Other	2.0	3.3	1.5	2.8
Transport Equipment Operatives	5.7	9.7	0.8	0.6
Drivers & Deliverymen	4.8	7.8	0.8	0.6
All Other	0.8	1.9	0.0	0.0
Non-Farm Labor	4.3	11.5	1.0	1.3
Construction	0.9	2.6	0.0	0.0
Manufacturing	1.2	3.2	0.4	0.6
All Other	2.2	5.7	0.6	0.7
Private Household Workers	0.0	0.1	1.4	7.0
Service, except Private Household	6.0	13.3	14.1	25.9
Cleaning	1.8	5.9	1.6	6.4
Food Service	1.0	2.5	5.5	6.9
Health Service	0.2	0.8	3.3	8.3
Personal Service	0.6	1.1	3.4	3.6
Protective Service	2.4	2.9	0.3	0.6
Farmers & Farm Managers	2.6	0.4	0.4	0.1
Farm Laborers & Foremen	0.9	2.6	1.0	0.7
Paid Laborers & Foremen	0.9	2.6	0.3	0.6
Unpaid Family	0.0	0.0	0.6	0.1

SOURCE: Unpublished Current Population Survey data provided by the Bureau of Labor Statistics. Totals may not sum to 100 percent due to rounding.

Appendix Table 3

INDICES OF OCCUPATIONAL DISSIMILARITY, BY SEX, RACE, AND AGE, 1978

GROUPS	INDEX
SEX:	
White female youth vs. white male youth	58.1
White female adult vs. white male adult	56.4
Black female youth vs. black male youth	50.8
Black female adult vs. black male adult	51.4
RACE:	
White female youth vs. black female youth	12.1
White female adult vs. black female adult	24.6
White male youth vs. black male youth	24.3
White male adult vs. black male adult	30.1
AGE:	
White female youth vs. white female adult	31.0
White male youth vs. white male adult	42.9
Black female youth vs. black female adult	29.5
Black male youth vs. black male adult	32.9

NOTES:

1. The occupational distributions on which these indices are based are report in appendix Tables 1 and 2.
2. See text for description of the index.

Appendix Table 4

INDICES OF OCCUPATIONAL DISSIMILARITY BETWEEN WHITE FEMALE ADULTS AND OTHER GROUPS, 1978

GROUPS	INDEX
White female adult vs. white female youth	31.0
White female adult vs. black female youth	31.2
White female adult vs. black female adult	24.6
White female adult vs. black male adult	52.2
White female adult vs. white male adult	56.4
White female adult vs. black male youth	58.9
White female adult vs. white male youth	59.0

NOTES:

1. The occupational distributions on which these indices are based are report in Appendix Tables 1 and 2.
2. See text for description of the index.

The CHAIRMAN. All of your statements, all of your testimony here this morning, and the full statements of materials included in the record will be necessary texts for our continued effort to try to be part of the answer-finding process. We do not come to this with the same confidence that we used to in terms of a neat program, tailored to a specific need which can be quickly legislated, appropriated, and implemented. This is far more complex problem than some of the other issues that we have been able to deal with and accomplish legislatively.

Certainly, you who are economists are deeply involved in the areas under discussion here, and are right out there on the cutting edge of creating analysis of the youth labor market, and in the identification of potential solutions to the youth employment problem.

I would like to ask a broad question of all of you and see if you have any comments.

In your extensive experience in the employment field, you have developed a sense of youth employment problems, and the capacity of Federal, State, and local governments to respond to this complex issue. It would be helpful to us if you, in your personal perspective, can give us some direction that we should be taking to deal with youth employment problems.

What is your intuitive feeling concerning solutions to the youth employment problem? Can we just go down, starting from the order that you addressed the committee, Doctor Anderson?

Dr. ANDERSON. I want to make an observation about discrimination that may suggest why that problem is so difficult. Discrimination against people simply because of the color of their skin or their name or their accent is not the problem any more. The problem is more subtle, involving differences in culture and style. Employers are more comfortable with people that are more like them. And most businesses are owned by whites.

The key difference is not really the color of the skin, but that most black youth that are in the unemployed pool dress differently, talk differently, and have a very different style than most employers. I would suspect that most employers do not really distrust all blacks, but they are uncomfortable with a person who uses English in a very different way, dresses differently, has a different lifestyle, and that they are not quite sure that a person like that can be counted upon to do the job.

One of the key implications of that, I think, is that we need to emphasize programs that promote the dispersion of the ownership and control of businesses, ethnically and racially. It is not possible or desirable to try to change black people or Hispanics so that they have the same style as the white people that own the businesses. Changing ownership patterns is going to be a difficult problem. But that is a direction, at least, in which I would look for a solution.

The **Chairman**. Doctor Adams?

Dr. **Adams**. I would begin by saying something that I am sure you, Mr. Chairman, and the members of this committee recognize, and that is that there are no quick fixes for this problem.

The **Chairman**. No what?

Dr. **Adams**. No quick fixes for this problem. I think one theme that is common to virtually all discussions of this issue I have heard recently is the need to target policies, to recognize that the problem of unemployment is not a problem for all youth. For many youth the transition is a process of searching and probing with the outcome being positive.

For some, however, the outcome is not positive. It is for this target population with a heavy representation of low income and minority groups there is a need for public policy. One's sights should be narrowed to deal with that which is most serious. I think one cannot get away from the fact that a healthy economy is essential. In fact, it is a necessary condition to resolving the problem. However, it will not solve the problem alone because the problem is structural in nature, particularly as it relates to minorities. Nevertheless, the solution begins with a healthy economy and follows with policies for skill development.

Our schools have had as their principal objective the development of basic skills. Schools also need to better prepare youth for the world of work. Policy should create incentives encouraging educational institutions to focus on this objective. Should traditional institutions fail, however, for some youth, alternative skill development programs outside these institutions should be available to prepare youth for the labor market.

Dr. **Osterman**. The experience in Boston in the past 2 weeks does not make me quite as sanguine about the absence of pure racial discrimination as one might think. But I think regardless of whether young blacks do not get jobs because they are black, or because they look different, dress different, I do not think employers can be permitted to follow that policy.

Irish people, people from Poland, people from other countries talk differently and look differently, or at least they did historically, but we could never believe that they can be legitimately denied jobs on that basis.

In terms of policy, I guess I would say several things. First, in terms of the techniques of policy. I think we need to give a lot of thought to improved delivery—I do not think the Labor Department, or the prime sponsors, are performing as well as they could. I could talk about this for hours, but I will spare you.

In terms of the content of policy, I think we need to identify two groups of youth. One is a set of youth who are unemployed because there is something about them personally. For example, they do not have good work attitudes or they have poor education. For those youth we need to design expensive and intensive programs to change them. If the schools failed to teach them to write then we need to teach them to write. If they do not know how to get to work on time, we need to do that. Quick programs which last 6 months or a year cannot do this. Fortunately, I believe it is a relatively small group of youth. The other group of youth that really are in need are minority, blacks, Hispanics, who suffer discrimination as I described earlier.

I think we need to think about programs designed to place those youth in the private sector firms. I think we need to think about ways to encourage CETA to cooperate with EEOC, OFCCP, and other Government agencies whose job it is to eradicate racial discrimination.

In terms of schools, I think what we need to do is to move away from emphasis on career education, school-to-work transition, vocational education, and need to think more about the basic reading and writing. We need to get kids out of high school and into college. It does not make much difference whether a kid graduates high school and enters the labor market, or drops out of high school, the key is movement into colleges, either 4 year colleges or community colleges. This is the essential central thing that we need to get the schools to do.

Finally, in terms of the economy, it is obvious that the closer the economy is to full employment the better off our teenagers, black and white.

Dr. CARDENAS. I would like to add to what the other two gentlemen have been talking about. Basically one of the things I want to emphasize is again what Dr. Van Adams underlined earlier, that definitely the key to this thing is a healthy economy.

I believe manpower policy cannot do everything for youth employment. You need both monetary and other fiscal policies that will assist in expanding and stimulating the economy to expand employment. A lot of times, for example, one of the things I noticed is the reason people look at manpower programs as a failure is because they look at manpower programs to solve all the problems of youth. It is impossible.

I believe if the administration, Congress and the President is seriously concerned about this youth dilemma, it cannot be done by one or by the other, it has to be done with a joint effort of Congress, the administration, the Department of Labor, and the private sector, the schools, everybody joining in a massive effort.

I also tend to agree that what we need for especially the minorities with special problems, are the targeted programs to solve the problems associated with structural unemployment. In the past we have seen a lot of our programs emphasize work experience. Although I am a strong advocate of work experience, I do believe we need to move further in terms of on-the-job training, and some of the other programs to get youth into the labor market.

Definitely, if you have coordination of different institutions, employers, schools, and I believe it will be a step in the right direction to try and solve this very difficult problem. That may get worse in future years.

The CHAIRMAN. Doctor Smith?

Dr. SMITH. The Director of my Commission will be testifying tomorrow, and I am sure will address your question. Let me just give you my personal feeling. The critical need is to focus on employability development, and to get away from the fixation that I am afraid the press has on the youth unemployment rate. Unemployment rates of youth, particularly minority youth, are very high, and it is a serious problem. But I think that the programs that your committee is taking up should increasingly be designed in ways that will assure that when the kid grows up, he or she will be well integrated into the job market.

Focusing on employability development is much more expensive than just reducing the unemployment rate. A summer youth program is cheap—$700 or $800 a summer to get a kid off the street. But there is some question whether that youth is being best served in terms of increasing his or her long-term prospects.

Employability development means, at the very minimum, an emphasis on the three R's.

If the youth cannot read, write and do simple quantitative computations, he or she is not going to succeed in the labor market. The portion of the jobs that the American economy provides that one could go into without the basic competencies will continue to decline.

I think that continued vigorous enforcement of equal employment opportunity, of equal employment laws is also going to be needed.

Of course a strong economy is going to be needed as well. Youth are going to be in for some trouble over the next year or so. There is no getting around that. As we recover from the recession, it will be important to have steady economic growth, which may need to be supplemented by various schemes for targeted job creation for youth. My personal preference would be to have as much of that as possible being in the private sector, rather than through specially created public sector jobs.

The CHAIRMAN. Now, let me make a couple of observations for possible reaction. Doctor Osterman's statement, had a heading in his prepared speech entitled "Suburbanization."

Just from observation without any statistical analysis, where I come from, New Jersey, which is densely populated, we have seen dramatic change in the location of industry within 20 years. The exodus from the city to the suburbs of major industry, and the declining industrial base of the cities has contributed to our problems of youth unemployment, black youth unemployment particularly.

It impresses me that this exodus of industry from the cities has to have something to say to us about these severe youth unemployment figures we are faced with.

Dr. OSTERMAN. I think that is right. What I said in my statement though, is while at the same time jobs have left central cities and moved into the suburbs so have white teenagers. Thus for the jobs that remained downtown the competition facing black teenagers has lessened.

Now, it is true that if you look at the central city black teenage unemployment rates and the suburban black teenage unemployment rates they are slightly less in the suburbs. But I think evidence is very weak that suburbanization of jobs is a major explanation. I think the reason it is weak is largely because white teenagers have also left.

Dr. CARDENAS. I would like to comment on this particular issue. It came out a couple of weeks ago, the same kind of question Mr. Van Adams and I were with the Joint Economic Committee. One of the things that we observed is that it is not a very severe issue in terms of explaining unemployment, particularly from certain groups, particularly if you look at some of the data that has come out from the Bureau of Economic Analysis.

I think what we may find between 1980 and 1990 is a move back to the inner city for economic development. Business development in the inner city, and some of the larger cities are experiencing this kind of thing today. In Houston, for example, they are trying to move industry back into the inner city and, hopefully, that will assist in alleviating some of the problems for this particular population. In other words, we may find industry moving back to the inner city in the near future.

The CHAIRMAN. I think energy problems might accelerate some of that.

Dr. CARDENAS. Definitely. The energy crisis will have severe impact on this issue. In Chicago, well, they had problems with the issue of moving into the suburbs. Some of the companies, moved to the suburbs assuming that black youth, blacks working in manufacturing companies, would travel all the way 20, 30 miles to the suburbs for employment. It was not economically feasible for blacks to travel such distances for employment. It was easier to go on unemployment compensation.

The CHAIRMAN. Here is the situation which may serve as an example of the problem. There is a very thriving enterprise, a resort area, where the enterprise is so good that it is year round, a hotel, motel, the whole works, and the entrepreneur has found that it is difficult to hire stable employment. People will work to the point where they qualify for unemployment, and then they are off and gone.

The law states that you are not eligible for unemployment compensation if you walk off. But apparently the law is not understood nor is it being enforced because it is difficult to keep service people employed.

Is this a problem that any of you have had any experience with?

Dr. **Cardenas.** I know this is a problem, for example, among the Puerto Rican population. One of the things I noticed when I was talking about the trends of the different groups, the reason the labor force participation for Puerto Ricans is slightly lower is because a lot of them go into unemployment compensation rolls, but also because of the liberal laws in some of the Eastern States. There is a different kind of experience in some of the southwestern States where the unemployment comp laws are a lot more conservative.

The **Chairman.** Conservative? You mean in terms of benefit levels?

Dr. **Cardenas.** Yes, the benefit levels.

The **Chairman.** How about enforcement? Have you heard of any difference in enforcement of the law?

Dr. **Cardenas.** It also depends on how people interpret the law. In various States it is enforced better than others. But definitely I notice in New York particularly it is a difficult situation because the law as it is is slightly more liberal than some of the other areas, and maybe they slip off in terms of enforcement.

The **Chairman.** I do not know if it is a problem. At least it is felt to be a problem by people I know who are in business. Whether it is a real problem, I have not made any studies.

Dr. **Osterman.** May I make a comment?

Without denying it is a problem the way your friends have described it, there is another side. Many businesses take advantage of the unemployment compensation system. They are seasonal businesses or businesses with a great deal of cyclical demand for their products. They hire a work force and when the season ends or when the cycle ends, they lay off that work force and the work force goes on unemployment compensation, but remains available to the firm for when business picks up again. So that unemployment compensation in part helps maintain the labor pool for unstable businesses.

So, while on the one hand you may have some firms complaining about the system because it denies them labor, on the other hand you have many firms who would not have a labor force were it not for the system.

The **Chairman.** We have a situation in New Jersey, in Atlantic City which is now a year-round city, and there the system has been just what you say. The pool has been maintained with unemployment compensation between seasons. Now, it is a full-time occupation in the service areas, yet there was a big report of unemployment in Atlantic City just last week, and unemployment figures are just where they were before it went on a full-time yearly basis.

It was explained to me on Saturday in Atlantic City that a lot of people are still working the old system, even though the city is on a new system.

I want to make one more observation. We are talking about new community effort as well as a new relationship between Government, community, and the private sector. As we are talking about young people, youth, across the board, I am interested in whether you know of examples where in the search for solutions, in the search to understand community youth problems and the struggle to find a solution, there has been any organized way to find youth leadership within the group of unemployed young people, unemployed black young people, unemployed Hispanic young people, unemployed young women. It would seem to me that there always are those latent leadership geniuses that are there to be found, and they are the ones that can offer so much, not only in advising adults who are searching, but also in bringing on their peer age group to respond.

Can you think of any situation where youth leadership has been a significant contributor to answers, any of you?

You know Jesse Jackson, before he went international, I thought had the elements of just that kind of thing, to lay it right on the line to young people. He emphasized the importance of attitudes—their attitudes about themselves and how for success in their lives, both personal and economic success, they have to get sharp and tough with themselves, learn work and get with the system. I hope he will return from abroad and get back to it, as I thought he was a very positive force. He must have been one of those youth leaders when he was of the youth period of his development.

Dr. CARDENAS. I was going to comment on that. I think definitely there is some potential for those kinds of groups to get better organized in these kinds of efforts. I know at the local level, prime sponsors are asking more representation in their youth advisory councils to get involved in this kind of issue. I really see in the next few years if this situation gets worse the way we are thinking today, they will force the schools and other institutions to get involved in this kind of thing and they will be getting involved in learning more about the job market.

I know in Denver, Colo., the YWCA has a contract with the Department of Labor on using the YWCA to get involved in these kinds of issues. Apparently they have a tremendous placement rate, they are getting involved in placing people on jobs, so on and so forth. Definitely I think that could contribute greatly for this effort.

The CHAIRMAN. Who has a contract with whom in Denver?

Dr. CARDENAS. The employment and training programs out of the Department of Labor, they have several national programs, and one of them is the YWCA has a project in Denver, and they are getting involved in this kind of thing. They deliver manpower services for women but, at the same time get involved with this kind of initiatives in apprenticeship training, and they get involved with schools to get kids involved in making youth employment policy and that kind of thing.

Similar organizations are working with that kind of thing. In terms of Hispanic community, there is a similar kind of project. Definitely employment training programs do have some of these experimental projects that are working with this kind of thing that you are emphasizing.

The CHAIRMAN. Mr. Osterman.

Dr. OSTERMAN. In Boston a group of youth got involved by disrupting traffic for 2 days in various tunnels, and I think this is indicative of what may well happen in the form of youth involvement. They marched on the mayor's office and marched on several businesses and demanded some jobs with some moderate success. That is not the kind of youth involvement we want to encourage.

The other comment I have about your suggestion is that if youth come to believe that if they work hard then they would find a job, that would make a difference. If it becomes clear to kids that there are opportunities then people would respond to those opportunities the way you have described. As long as it appears there are no opportunities, I think it is very difficult to try to convince people to respond.

The CHAIRMAN. Of course, there are all kinds of opportunities for employment. Willard Wirtz was talking about work that is not dishonorable, it is not demeaning, service work. I am not a psychologist, but if youth leadership wanted to promote service work which is needed in the community, entry level jobs that often go unfilled. Most of them are service jobs.

Dr. ADAMS. Senator, I fully support Jesse Jackson's domestic policies——

The CHAIRMAN. You and me.

Dr. ADAMS. And I certainly hope that Secretary Wirtz gets his windows washed. But there is an element in both approaches.

The CHAIRMAN. There is a what?

Dr. ADAMS. There is an element in both of these approaches to the problem that bothers me. It comes down to the individual's attitude and where the blame rests for failure. We have the propensity to blame the individual for failures that go beyond the individual's control. I think there is a place for policies of attitude development. But I suggest it is a lot easier to change attitudes by operating on the social and economic environment in which these attitudes occur than it is to operate solely on the attitudes themselves.

Let me explain. I think it is possible to take an employer who discriminates unlawfully, and make this employer behave in a nondiscrimatory manner simply by the penalties we attach to his or her behavior. We may not change the basic attitude of the employer, but by affirmative action requirements and penalties for discriminatory employment practices, we can change the behavior of that individual.

On the other hand, operating on the attitudes of the employer and trying to change employment practices without environmental constraints on the employer's behavior offers little promise of success. By the same token, trying to change the attitudes of youths without changing the opportunity structure before them which shapes their attitudes also offers little promise of success.

The CHAIRMAN. That fits exactly what I am groping with here. This business of leadership from the group that we are talking about, to seat one of those youth leaders around the council table with the Chamber of Commerce and its members and have that young youth leader explain what goes on in the minds, and arises out of the emotion and hearts of the people who know they are discriminated against, that lays it right on the line where it should be. I believe this would be more effective than a court action. It is certainly important to support EEOC and court action, but there may be other ways to fight discrimination, to bring it out right on the line. To bring young people from the group who are leaders and can articulate the feelings of this group, will lay it right out to the Chamber of Commerce who will say, "Look, fellows, you are going to be paying taxes for unemployment, and a lot of other social programs if you don't hire us."

You see, young people should be an integral part of the community. We had a Rutgers gathering at home last week, and the president of the university was so proud to bring to me the student members of the board of governors of the university. It has meant a lot to that university. Young people should be listened to in developing ways to overcome discrimination in the workplace.

Dr. ADAMS. If I could put words into what I am hearing you say, Senator, and I fully agree with it, this is a two-sided coin or two-way street, and there is responsibility going in both directions.

The CHAIRMAN. Right.

Dr. ADAMS. Let us not emphasize responsibility of one direction. Let us emphasize it in both directions.

The CHAIRMAN. I look at it as an opportunity to recognize this two-way street.

Dr. CARDENAS. I was going to add something. Maybe you might want to add something like financial incentive program to reward those employers that attempt to emphasize this EEOC and equalizing employment opportunities. I am concerned about what you mentioned earlier. I think youth leadership is very important. Remember the issue of discrimination, it is not an easy problem to solve. It is attitudinal and may take a generation to change.

What we want, what we may be saying is that youth leadership is going to have to sell the youngsters; in other words, they do not have all these problems we are talking about. But you might want to add some kind of tax incentive program. I am sure employers may welcome that kind of thing to help with their efforts.

[Additional material supplied for the record follows:]

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THE ROLE OF LOCAL SCHOOLS IN IMPLEMENTING YEDPA

by

Gregory Wurzburg*

Federal employment and training programs have never been meant to be operated in isolation from schools or other community resources. Enabling legislation has repeatedly stressed the importance of leveraging federal employment and training dollars by coordinating local manpower programs with other local education, training, and social service agencies. But, the exhortations have not had much effect. Traditionally, coordination has not been required by law or regulation and there have been lacking incentives, much less the mechanisms to do it. Perhaps one of the most distinctive characteristics of the Youth Employment and Demonstration Projects Act of 1977, though, is the incentives and mechanisms for coordination that it provides.

YEDPA, the federal government's latest major employment and training initiative, is targeted for youth and was enacted for the purpose of alleviating the high unemployment among economically disadvantaged youth, the young adults who appear to be suffering the most in today's labor markets. It is administered through the network of 460 local government sponsors established under the Comprehensive Employment and Training Act of 1973. Because the emphasis on youth begged for some institutional interface with the education establishment and because the usual exhortations for local coordination have had little effect in the past, the architects of YEDPA added specific provisions to push schools and CETA sponsors into a marriage. The provision was needed because, in the words of Senator Jacob Javits, a co-sponsor of the provision:

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*This paper was prepared for presentation at the 1979 Annual Meeting of the American Educational Research Association, April 1979, in San Francisco.

The paper is based in large part on the first three interim reports reviewing prime sponsor experience in implementing the Youth Employment and Demonstration Projects Act of 1977. The evaluations have been sponsored by the National Council on Employment Policy under contract with the U.S. Department of Labor. This paper also draws on a preliminary draft of "Mixing School and Work," prepared by the author and Dr. Joseph Colmen. The views expressed in this paper are those of the author and do not necessarily represent the views of the National Council on Employment Policy, or the authors contributing to any of the supporting evaluations.

> ... competition between prime sponsors and local education agencies has been the rule, while cooperation has been the exception. There is a need to nudge these two competing systems closer together, so that the in-school labor force can be served in a more efficient and sensible manner.

Citing the Senate Human Resources Committee report on YEDPA, he added:

> The Committee believes it is essential that cooperation take place between prime sponsors and local education agencies in providing employment opportunities and training and supportive services for youths enrolled in school. In the absence of such linkages, in-school youth may continue to be served by two separate and competing delivery systems which bifurcate their labor market experience at a critical stage of their transition between school and work.*

YEDPA authorizes a myriad of demonstration programs that test a variety of collaboration models involving schools and CETA prime sponsors. But the most significant provision reserves 22 percent of each prime sponsor's allocation under the Youth Employment and Training Program -- the major formula-funded program under YEDPA -- to be administered under the authority of an agreement between the local CETA sponsor and local education agencies. In the first two years of YEDPA that provision is putting at least a quarter of a billion dollars under control of local schools. The set-aside has forced local CETA administrators to work out agreements with local schools describing joint projects. The sweetener has also given the schools reason to go along: Extra resources are always welcomed and drops in state contributions due to declining enrollments have made many schools especially anxious to do almost anything for money.

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*Congressional Record, Senate, July 21, 1977, p. S-12558.

The 22 percent set-aside may be succeeding in nudging the two establishments closer together; they are at least willing to try to work together. Virtually all CETA sponsors signed agreements with local schools in the first and second program years. But for detente between the two establishments to be successful, a great deal more consideration to detail by federal policymakers is necessary. More importantly, there ought to be more modest expectations about how quickly cooperation can be achieved.

Going into the third planning cycle for YEDPA programs, the overarching challenge now facing the Department of Labor is that of coaxing cooperation between a system that is essentially federal and one that is state/local. Prime sponsors are accountable first to the Department of Labor, and only second to local elected officials. But, schools are accountable to local elected officials (often not the same ones that sponsors report to), local voters and state education offices. There is little accountability to the federal government and none to the Department of Labor. This leaves the Department, in many respects, in the role of a rather distant observer, able to have little impact on the process of moving the CETA and education systems closer.

The process of pulling together the education and employment and training institutions is occurring in two phases. The first is one of administrative detente and the second is substantive collaboration. In the familiarization process leading up to administrative detente, CETA sponsors have been trying to live down bad local histories of manpower-education relations or the more general problem of a bad CETA reputation, and then getting past the frictions caused by procedural differences between the two establishments. Thanks possibly to its separate authorizing legislation and the fact that considerable resources are earmarked for local schools, YEDPA was not received by most schools as another CETA program or add-on to pre-CETA youth programs. This was no mean achievement and its significance should not be underestimated since it appears that a large part of the objection that some local educators have had to mixing manpower and education has really been an objection to working with the manpower establishment.

Procedural differences have contributed to more serious chronic friction. The fiscal year for CETA sponsors starts in October, while for schools it starts in September, January or July. This mismatch plus the accelerated, patchwork style of CETA planning which frequently is not complete until days before the start of the new year (or even after the start of the new year) has made it difficult for schools to engage in long-range strategic plans. Another point of friction encountered in planning for the 78-79 school year programs (but not encountered in 77-78 because of delayed start-up) was uncertainty over funding levels and some doubt about whether changes made in the basic CETA legislation would also affect the youth programs. CETA-LEA collaboration in the first year of YEDPA also was hindered by its late, mid-semester start-up (January-March 1978). The second year was plagued by uncertainty over reauthorization of CETA. These were each one-time or only occasional problems. But CETA's brief history has been riddled with periods of funding uncertainty, constantly shifting priorities, and changing regulations. The instability that this has built into the CETA system is not likely to be corrected overnight and is bound to present a chronic source of friction in CETA-LEA relations.

Another mismatch between local schools and CETA systems is in their accountability networks. LEAs are accountable to local boards of education, perhaps some other local officials, and state education authorities. CETA sponsors are also accountable to local officials but usually not the same ones as schools, and the U.S. Department of Labor. The procedural difficulties caused by these two separate systems having to clear their actions with their respective authorities can cause delays and be a serious hindrance to a long-term stable relationship.

In the process of achieving administrative detente there has also been a number of differences between CETA systems and schools that can, perhaps, best be attributed to the two institutions being at different stages in the bureaucratic aging process. The education establishment is old compared to almost any other public institution and ancient compared to the CETA system. Career structures, administrative models, professional interest groups, and credentialing standards are firmly in place. Tradition and established procedures also are in place and resistant to all but the slightest change. In short there is an institutional identity and -- more importantly -- continuity. The CETA system is a stark contrast.

Manpower did not emerge as a governmental policy area until the early 1960s. The Manpower Administration, which has been the focal point for all federally supported manpower initiatives, was not established until 1963. It has been the only permanent fixture on the employment and training landscape in the relatively brief time since then (it did change its name to the Employment and Training Administration in 1975). The present network of CETA sponsors has been in place only since 1974. The hybrid manpower field has only the beginnings of a body of literature. Local expertise in employment and training affairs is more political and managerial than substantive because grantsmanship and outguessing Congress and the Department of Labor are prerequisites for survival. Substantive know-how is useful but not indispensable because so much of local policy is made in Washington. The local CETA systems are also unstable organizationally. They have frequently attracted talented and capable administrators, but been unable to retain them in the atmosphere of fiscal and programmatic uncertainty. The lack of opportunity to formulate local policy and the frustration of having to respond to the whims of Washington effectively reduce incentives for creativity and excellence. The consequent high staff turnover, besides complicating the challenge of day-to-day management virtually erases institutional memory. Though local institutions, CETA offices are virtually entirely federally funded. They have fared well financially, but their reliance on federal money and chronic last minute uncertainties over their budgets have undermined their perceived staying power to the point that some local offices are seen as being perpetually on the brink of collapse.

The marked differences in the character of the two bureaucracies inevitably present sources of friction. While there is conclusive evidence showing that CETA sponsors and LEAs can work together, in fact the bureaucratic differences create friction that can provide convenient pretexts for breaking off collaboration when either partner is unwilling.

The real test of whether CETA systems and schools can work together is that determining whether they should work together. Since there are intuitively appealing reasons for the two systems to collaborate, the question is whether the substantive differences are sufficient to rule out joint efforts. If they are not, it seems that if there is a will to work together, there can be a way.

In the second stage of the process in which local schools and CETA sponsors begin working together -- that of substantive collaboration -- there appears to be less pervasive points of friction between the two systems. Some are based on misinformation. But to the extent others are based on basic attitudinal differences, they can pose systemic obstacles to complementary systems. Initially a few educators voiced concern that CETA's emphasis on job placements would encourage that system to push youths out of school into jobs. In fact, the express purpose of the legislation is to encourage youths to stay in school and both the Department of Labor and local CETA administrators have taken steps to remove incentives that might entice youth to drop out. There have been no substantiated reports of students leaving school to take YEDPA jobs, and so that issue has subsided.

Targeting employability services by income has not subsided as an issue. Although CETA administrators, as a rule, are locked into restricting services to economically disadvantaged youth, school administrators object on substantive and political grounds. They do not believe family income is a reasonable predictor of need for employability services, and they are accountable to a constituency that is much broader than CETA sponsors' and less tolerant of targeting provisions.

The dropout population now, as in the past, is another point of contention. The CETA system and its predecessors have traditionally served dropouts, blaming schools for failing to adequately serve kids who did not fit the normal mode. Some local educators are objecting to YEDPA now because programs are designed to "recycle" dropouts back into regular channels. One principal complained that "... the very ones that had been kicked out used CETA as a way to get back into the system." Most educators, though, do not appear adverse to making another try with dropouts, but they and CETA administrators alike, are at a loss as to what constitutes effective alternative education systems.

The most heated CETA-LEA controversy has been over the award of academic credit for work experience or employability development training. Some local debates have centered on the question of whether credit for employment-related experience devalues or deemphasizes credit for academic areas. In states where seniors must demonstrate basic competencies to graduate, teachers are sometimes objecting to any school experience that detracts from preparation for those exams. There is also sometimes a question of whether local educators can make policy regarding the award of credit without specific state mandates on the subject. These debates have frequently, however, been used as smoke screens to conceal the real issue: the turf question of who decides what is credit-worthy experience, schools or CETA sponsors? Educators see the certification process as properly a school role. Manpower personnel concede that it is appropriately a school responsibility, but then go on to criticize schools for being too reluctant to support activities involving credit and more to the point, unwilling to make an extra effort to establish education alternatives for YEDPA-eligible youth. In some areas where credit is awarded for work experience or career awareness training, observers note educators providing no more oversight than sponsors had proposed, but a share of the YEDPA pie has succeeded in buying their cooperation.

The turf issues raised by the award of academic credit are neither insuperable nor unanticipated. Schools have something the CETA system wants: a nonfinancial incentive to keep youth in school and in employment and training programs. But apparently the CETA system has something that schools want enough to engage in a struggle over academic credit. If the mutual incentives can be preserved, it bodes well for the likelihood of successful cooperation.

Achieving a degree of productive collaboration between schools and the CETA system, however, will take time because it requires an iterative process in which the two institutions "try on" a number of cooperative relationships for size. But the process may be unnecessarily protracted by the way in which YEDPA was enacted in 1977.

One legacy of that process was that educators feel YEDPA was done to them. Vocational education was virtually the only part of the education establishment that had any hand in shaping the legislation. The 22 percent set aside provision of the Youth Employment and Training Program evolved with little of even their input.

In late 1977, LEAs found prime sponsors knocking on their doors asking for their approval of programs that educators knew little about, because information was slow in getting out to the prime sponsors, but even slower getting out to LEAs. Under the circumstances, it was surprising to many observers that anything happened.

Because the Department of Labor realized that local educators were not inclined to take their cues from local CETA administrators, the Department wisely undertook a crash technical assistance/promotional program with a variety of educational interest groups and associations. A nonprofit intermediary corporation was set up to identify and fund nearly a hundred exemplary in-school employment and training programs for youth, to be used as models and catalysts for other in-school programs. DOL transferred money to the National Institute of Education to run demonstration career intern programs together with Opportunities Industrialization Centers. The Department is also transferring money to the Office of Education to provide incentive grants to vocational education institutions linking up with prime sponsors and to the Fund for Improving Post-Secondary Education to enhance the role of post-secondary institutions in community manpower programs. The National Association of State Boards of Education, the Council of Great City Schools, and the American Vocational Association are all receiving DOL funds to provide technical assistance to educators, on how to collaborate with CETA sponsors on developing and implementing education/employment and training programs for youth. These and several other DOL-funded education activities are attempts to ease the ordeal of change with money. It may succeed.

The involvement of education organizations to interpret YEDPA for LEAs and to channel technical assistance to them is important for two reasons. First, it provides a push from inside the education establishment for LEAs to cooperate. This is in contrast to the pull that the DOL has tried to exert through prime sponsors with very limited results. Second, the strategy channels to LEAs information that has the stamp of approval of the education establishment. This is useful for undoing some of the damage caused by YEDPA being developed and enacted without input from educators.

This strategy may undo some of the damage done in 1977, but if schools and CETA sponsors are to work together in the long run, the relationship probably will not be set right and really ratified until new legislation is enacted.

Already education organizations are indicating a strong interest in having a hand in writing the new legislation to follow on YEDPA after it expires in 1980. In 1979, the separate subcommittees dealing with education and manpower in both the Senate and House are conducting joint oversight hearings. Hopefully reauthorization will involve similar joint hearings. One effect that YEDPA had very quickly was to shift the debate among local educators and manpower officials from whether schools should be involved in employment and training programs for youth, to how they should be involved. One question to ponder until next year's reauthorization hearings is whether the progress that YEDPA has achieved in pushing educators and manpower officials towards debating how schools should be involved in manpower programs for youth will be sustained, or whether the hearings will regress and bog down with arguments about why schools should stay out.

The CHAIRMAN. Anything further?

This has been more than helpful, most constructive, and the benefit will be ongoing as the committee seeks solutions to these problems.

Thank you.

[Whereupon, at 1:02 p.m., the committee adjourned, to reconvene at 10:30 a.m., Wednesday, October 24, 1979.]

YOUTH AND THE WORKPLACE: PERSPECTIVES FOR THE COMING DECADE, 1979

WEDNESDAY, OCTOBER 24, 1979

U.S. SENATE,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m., in room 4232, Dirksen Senate Office Building, Senator Harrison A. Williams, Jr. (chairman) presiding.

Present: Senators Williams, Javits, Schweiker, and Stafford.

The CHAIRMAN. Yesterday we heard from witnesses on the transition from school to work, the underlying causes of youth unemployment barriers to youth labor force participation; and the effects of sex and ethnicity on labor market entry. The viewpoints shared by the witnesses enhanced our understanding of the critical issues confronting policymakers on the subject of youth employment.

As the hearings continue, we will broaden our perspective. The panelists today will continue to address youth and the workplace. Federal youth policy options for the future, a presentation of a State perspective and the relationship of education programs to youth employment will be explored. A discussion of the current labor market policies and goals for the 1970's will conclude the hearings.

The Labor and Human Resources Committee welcomes Dr. Alice Rivlin, director of the Congressional Budget Office, to the second day of our hearings on youth and the workplace. Dr. Rivlin is presenting insights on the budgetary implications of Federal youth policy.

We are happy to receive formally from Dr. Rivlin, an analysis of the distribution of Federal funds for youth which her office has prepared. These findings have major policy implications due to the disparity shown in Federal support for youth enrolled in high school, college and those not enrolled in school.

This analysis, which the CBO prepared at my request on behalf of the Labor and Human Resources Committee, is the first attempt by a congressional agency to compare Federal support for youth in education and employment programs.

Good morning, Dr. Rivlin.

STATEMENT OF DR. ALICE M. RIVLIN, DIRECTOR, CONGRESSIONAL BUDGET OFFICE; ACCOMPANIED BY DAVID S. MUNDEL, ASSISTANT DIRECTOR, CONGRESSIONAL BUDGET OFFICE, AND JAN GRASSMUCK

Dr. RIVLIN. Thank you, Mr. Chairman.

The Federal commitment to assisting young people through education, training, and employment programs is large and has grown substantially during the last decade. Expenditures exceed $9 billion annually for youth aged 14 to 22, a per capita expenditure of about $255. In real terms, Federal outlays for youth education and employment programs have increased by over $3 billion since 1970, an increase of 185 percent on a per capita basis.

Despite this large Federal expenditure, youth unemployment rates remain high. The jobs available to youth are often low paying and "dead end." Many young people do not complete high school, or have difficulty going on to postsecondary education.

During the next year, the Congress faces legislative and funding decisions that will shape the future character of Federal youth policy. The reauthorization of postsecondary education and youth employment and training programs will be considered. Appropriation levels for all youth-oriented programs will be established. Efforts to improve the effectiveness of Federal youth programs are likely to be undertaken.

In order to provide a background for these decisions, my testimony today focuses on:

First, an overview of the present and future status of youth employment and education problems;

Second, a review of the size and distribution of Federal resources that are currently devoted to these problems; and

Third, a brief review of the youth options that the Congress will likely consider this coming year.

THE CURRENT STATUS OF YOUTH PROBLEMS

Historically, unemployment rates for young people have exceeded the rates for adults. In September 1979, for example, the unemployment rate was 16.4 percent for those in the labor force aged 16 to 19, as compared with 4.1 percent for those aged 25 to 54.

Many young people do not finish high school. In New York City, only 45 percent of ninth-grade students eventually complete high school. Many employers report that young job applicants do not have the basic work skills that education should provide.

Employment problems are much more severe for black, Hispanic, low-income, and less educated youth. The unemployment rates of blacks and Hispanics aged 16 to 19 far exceed those of white youth. Unemployment is generally higher among high school dropouts than among graduates; black and Hispanic dropouts fare even worse.

Educational problems are similarly concentrated. High school completion remains a problem primarily for Hispanic youth. In 1978, 10 percent of whites and 14 percent of blacks aged 14 to 22 were not enrolled in school and did not have high school degrees, as compared with 25 percent of Hispanic youth of the same ages (see table 1). Postsecondary school enrollment rates are also uneven: Low-income high school graduates are less likely than middle- or high-income graduates to enroll in college.

It is clear, therefore, that significant educational and employment problems exist among young people, and that they are concentrated among minority and lower-income youth.

WILL THESE YOUTH PROBLEMS EXIST IN THE FUTURE?

Many observers have predicted that educational and employment problems among young people will decline in the near future because the youth population is projected to decline by 17 percent between 1980 and 1990. It is argued that, as the number of young people decreases, they will more easily find jobs; high schools will be less crowded and therefore more effective; and postsecondary institutions will be more actively seeking students. It is not at all clear, however, that this bright prospect applies to disadvantaged youth. Other factors—the economic outlook, changes in the adult labor force, and the changing demographic composition of the youth population—make the outlook less favorable for disadvantaged youth.

THE ECONOMIC OUTLOOK

Youth unemployment in general, and minority youth unemployment in particular, are very sensitive to labor market conditions. Every 1 percentage point increase in the general unemployment rate is accompanied by an increase of about 1.5 percentage points in the youth unemployment rate. If high unemployment is tolerated during the 1980s in order to reduce inflation, even higher youth unemployment rates can be anticipated.

CHANGES IN THE LABOR FORCE

Rising participation of adults in the labor force—for example, among women and older workers—may provide new competition for younger workers during the next decade. Increasing numbers of undocumented workers may also compete with youth for jobs. If competition increases, the opportunities for minority and disadvantaged youth are likely to remain restricted.

THE DEMOGRAPHIC COMPOSITION OF THE YOUTH POPULATION

Although the number of young people will decline between 1979 and 1990, the character of the youth population will change in ways that may maintain or increase the severity of youth problems. Disadvantaged and minority youth will represent an increasing share of the youth population. The nonwhite segment of the youth population is expected to increase from 16 percent at present to about 19 percent in 1990 (see table 1). The percentage of Hispanics in the youth population is also growing.

SIZE AND DISTRIBUTION OF FEDERAL SUPPORT FOR YOUTH PROGRAMS

Federal support aimed at improving the educational and employment opportunities of youth is sizable and has grown substantially during the last decade. In a time of fiscal stringency, when there are many other competing demands on the budget, it is important to ask whether this money is well spent.

Are Federal programs targeted on youth with the most severe education and employment problems? Federal money is generally concentrated on low-income and nonwhite individuals. More than five times as much money is spent per capita on youth in lower-income families as on those in high-income families, and about 3½ times as much per capita on nonwhite as on white youth. However, a recent change in the higher education student assistance legislation will somewhat alter this distribution. The Middle-Income Student Assistance Act of 1978 has greatly increased Federal assistance to students from middle-income families through the basic educational opportunity grant and the guaranteed student loan programs. This will diminish targeting toward low-income youth.

The bulk of Federal assistance goes to youth who have completed high school, many of whom would have enrolled in postsecondary institutions even without Federal assistance. Approximately half of the total Federal expenditure for youth aged 14 to 22 is directed toward the fifth of that age group who enroll in college. The average Federal expenditure on youth enrolled in postsecondary institutions is about twice as much per capita as that spent on nonenrolled youth who dropped out of high school, and about five times as much per capita as that spent on youth enrolled in high school (see table 3). The question arises: Are Federal expenditures targeted on those youth who are most likely to have educational and employment difficulties?

State and local governments, of course, also support the education of youth, primarily through public funding of elementary, secondary, and postsecondary education.

Are Federal programs effective in resolving the employment and educational problems of youth? The effectiveness of most Federal programs in improving the educational and employment status of youths is uncertain. Federal student aid programs have shown limited success in increasing the participation in postsecondary education of young adults from lower income families. Upward Bound and Talent Search appear to be moderately successful in encouraging high school completion and college attendance. The effectiveness of Federal vocational education programs is unclear; a congressionally mandated study of vocational education is expected to shed some light on this issue. It is generally acknowledged that compensatory education programs, such as title I of the Elementary and Secondary Education Act (ESEA), are moderately successful at improving achievement. Evaluations of the Youth Employment Demonstration Projects Act are underway from the Department of Labor, and will be essential to an informed debate on youth employment reauthorization. Some longstanding training programs, such as the Job Corps, are recognized as somewhat successful at meeting the needs of disadvantaged youth.

YOUTH POLICY CHOICES THAT WILL CONFRONT THE CONGRESS

During the next year, the Congress will face critical youth policy choices. One of these will be whether or not to continue the expansion of youth-oriented education and employment programs during a period of overall budget stringency. Allocations will have to be made among alternative aims: improvements in high school or postsecondary educational opportunities, improvements or expansions of training programs, and increased youth employment. Within each program area, the Congress will have to establish priorities regarding the most effective activities and the most needy recipients.

Two major pieces of legislation affecting youth programs expire in fiscal year 1980. In considering the reauthorization of the Youth Employment Demonstration Projects Act (YEDPA), the Congress must decide whether to expand the coordination between schooling and employment opportunities authorized under the youth entitlement experiments. The YEDPA reauthorization debate will require assessments of the relative effectiveness of training and jobs creation, and decisions about how tightly youth programs should be targeted.

The decisions about the reauthorization and funding of the Higher Education Act confront the Congress with similar choices: whether to expand student assistance or to give greater emphasis to activities like Upward Bound and Talent Search. If the current emphasis on student aid is maintained, the mix of resources among grants, loans, and work-study programs will need to be decided Within each of these programs, the distribution of scarce Federal support among different types of students will also have to be established.

Even though the authorizations for elementary and secondary education programs do not expire this year, important funding choices will confront the Congress. Several options that have been discussed include increased support for secondary school education, particularly in the area of basic skills for disadvantaged youth.

Another set of options would involve strengthening the Federal policies that affect whether or not minority and low-income youth are disadvantaged. These include income assistance, health care, housing, and antidiscrimination policies.

The youth policy choices that confront the Congress are numerous and difficult. My testimony today was intended to give some background for your deliberations, not to provide answers. Mr. Chairman, at your request and at the request of several other committees, the CBO is currently conducting studies of several of the youth policy choices that will confront the Congress.

We hope that, as the results of these analyses become available, we can meet with you again and discuss some of the answers that we have found.

Thank you, Mr. Chairman.

The **Chairman**. Thank you very much, Dr. Rivlin.

We know that the appendix will be of great assistance to us as we continue legislative efforts here.

I wonder how you feel proposed higher education legislative changes will affect the distribution of funds to youth?

We have had recent hearings in this area, and I wonder whether you could address yourself to the impact on youth and the distribution of Federal funds available to youth?

Dr. **Rivlin**. Yes, there are several pieces of legislation that the Congress is now considering that would affect the distribution.

First, I would just like to point out that the figures in my testimony do not yet reflect the changes in distribution that will come from the operation of the Middle-Income Student Assistance Act. The main effect of that act on the distribution of funds will be felt in the current year, rather than in the past year, to which the statistics refer.

There are currently four higher education proposals before the Congress. None of these proposals changes the loan programs to provide more funds for low-income individuals than they are now receiving.

Two of the proposals—H.R. 5192, from the House Committee on Education and Labor, and S. 1870, which you are sponsoring—would reflect the current trend toward increasing loan funds available to middle- and upper-income students as a result of the Middle-Income Students Assistance Act.

Two other proposals, the Kennedy-Bellmon bill—Senate 1600—and the administration's proposal, would target funds more directly on lower income individuals by imposing a needs test. Less highly subsidized loans would be available to middle-income families. The administration proposal uses the slightly more rigorous needs test.

One of the proposals, H.R. 5192, also changes the BEOG's program, the grants program, and provides increased assistance to disadvantaged youth. It also extends eligibility to additional middle-income students.

The CHAIRMAN. A large amount of money has been spent on employment and training programs, and the consensus is that it has generally been well-targeted. We are always concerned with the effectiveness of Federal policy.

Could you amplify on your analysis with regard to the effectiveness of targeting.

Dr. RIVLIN. As I said in the testimony, I think it is clear that the targeting has been very effective. The programs are largely targeted on low-income and minority individuals. Exactly how effective the programs are is a very difficult thing to say.

In general, it seems to be easier to demonstrate that highly concentrated programs that combine a variety of services are more effective than those that are spread thin.

The Job Corps, for example, is thought to be generally successful in preparing participants for work. Less concentrated programs like summer employment have less demonstrable results.

That is not very surprising. We would expect it. These programs are less expensive per recipient.

The CHAIRMAN. Regarding summer employment, do you think it is realistic to broaden services to that program to the wide area of services available to disadvantaged in a program like the Job Corps?

The Job Corps is a residential situation which lends itself to a broader response to individual needs than the summer youth program which is daytime and does not lend itself to other services as readily.

Do you think within the summer youth program, we could get an extra benefit from providing additional resources through expanded expenditures, Dr. Rivlin?

Dr. **Rivlin**. I am not sure. I think that would take some looking into. I was not necessarily suggesting that.

The **Chairman**. I know you were not, but I was wondering about it.

Dr. **Rivlin**. I would not want to make a judgment about that. But I think it certainly would be interesting to examine whether a summer job program could be more effective in the long run, making more difference in kids' lives, if it were combined with some other thing.

David might want to comment on that.

Mr. **Mundel**. I think the evidence would suggest, and I underline suggest, that if one wanted the summer jobs program to have a longer term effect, it might be desirable to combine it with either some on-the-job training or some counseling, rather than simply to run an employment program during the summer months.

That is not evidence based on an experiment. It is evidence based on observation of other training programs that have been seen to have some small, long-term effects.

When you supply a variety of services, rather than simply jobs, you should expect to see some longer term consequences. Such a program would also cost more or, at the same budget, would serve fewer recipients.

The **Chairman**. Is it recommended that this be further explored?

Dr. **Rivlin**. I think that increasing the services provided in the summer jobs program is among the options that we intend to explore during our study that you have requested, and this is an option under some exploration within the Department of Labor and other centers. I don't know of anyone who is experimenting with that kind of summer job program at present.

The **Chairman**. I will pass now to Senator Schweiker and then to Senator Stafford, who has been so significant in the development of educational policy and training policy. I know their observations and questions will further illuminate these hearings and can be very important.

Senator **Schweiker**. Thank you, Mr. Chairman.

Dr. Rivlin, you mentioned in your statement that in terms of the demographic changes that are coming about, you do not share the optimism of some that, with demographic changes, the problem will substantially improve in terms of black teenage employment or teenage employment in general, with a lowering of the numbers?

Dr. **Rivlin**. I think it may help. Certainly, the overall youth employment problem will be better when there are fewer youths to be employed.

The point we are making is that it won't necessarily help the most disadvantaged. That segment of the population is still growing as a proportion of the total, so the optimism may have to be guarded with respect to those severely disadvantaged youths.

Senator **Schweiker**. I must say that I share that concern.

I am not at all concerned that just because demographic factors are changing, the problem is going to change, except in some slight ways.

I think you point out in your testimony, when you get to disadvantaged youths, white or black, you have some very special conditions.

Yesterday we heard some suggestions from former Secretary of Labor, Mr. Wirtz, that we have to deal with these unemployed black or white youths who are disadvantaged on an individual basis, in a local community environment and, particularly, with emphasis on getting a meeting ground between the education community and the employing community in terms of what is required in the transition from school to jobs.

I wonder if the Congressional Budget Office has done any studies on that area or anything comparable?

I realize this is somewhat new thinking, but I just wonder if you have anything at all in the works in this area?

Dr. RIVLIN. I think it is new thinking, and I think it is sensible thinking. There is an opportunity here to bring things together better than they have done before. We have not actually done any work in this area.

Senator SCHWEIKER. You mentioned in your testimony at page 7, "The average Federal expenditure on youth enrolled in postsecondary institutions is about twice as much per capita as that spent on nonenrolled youth who dropped out of high school."

I can understand that, particularly where you have college costs, where you have room and board, et cetera, it would be more than high school.

What are the absolute dollars? Are you comparing per capita? Do you have a comparison on total dollars spent on youth in postsecondary institutions and youth who dropped out of school or youth who are enrolled in high school?

Dr. RIVLIN. Yes, we do.

As a matter of fact, they appear in appendix 2, which gives the absolute dollars.

Senator SCHWEIKER. In other words, is there still that much discrepancy? I guess the import of my question is, is there still that discrepancy? There may well be. I do not know.

Dr. RIVLIN. A very substantial fraction of the Federal dollar does go to youth who are enrolled in postsecondary education. Of the total that we have been using for youth programs, which is about $9 billion, about $4.6 billion is for youth enrolled in postsecondary institutions.

Senator SCHWEIKER. Would most of that be the loan program or other programs also?

Dr. RIVLIN. It is both the grant program and the subsidies involved in the loan programs.

Senator SCHWEIKER. Do you have any figures that would indicate how effective the dollars have been in terms of where the problems are?

In other words, we talk about unemployed youths, teenagers, unemployment, dropouts, et cetera. Do we have any figures as to alternate policy expenditures for solving this problem, any kind of comparison that has been made, or that we could make in terms of what has been effective or has not been effective?

Dr. RIVLIN. In the first place, it is very hard to get definitive answers.

Senator **Schweiker**. I realize that.

Dr. **Rivlin**. The reason is partly that one does not know what would have happened to this particular individual in the absence of a program. We have done some work on this and are in the process of doing more in terms of the employment programs. We touched on this a minute ago. In general, the more expensive, more concentrated employment programs show more effectiveness in terms of the long-run improvement of the individual's earning capacity and job capability.

In terms of the student aid programs, again, one is up against the problem of what would have happened to these students if they had not had Federal aid and it is difficult to know.

But many students who receive Federal aid clearly would not have enrolled in college if they had not had the program.

It is very difficult to say how many, Senator Schweiker.

David might want to say a word about that.

Mr. **Mundel**. The only thing I would add is that, as a result of the studies we are doing, we intend to push as far as we can in outlining budget alternatives, program alternatives and, if possible, the effects of those options. That is a large promise. We will try to go as far as we can.

Senator **Schweiker**. You probably have seen some publicity recently given the GAO report on developing institutions and the money we have invested in developing institutions in terms of good investment or bad investment.

I wonder if your office has done any analysis of educational money spent for use in developing institutions?

Dr. **Rivlin**. No, we have not.

Senator **Schweiker**. That is all I have.

The **Chairman**. Senator Stafford.

Senator **Stafford**. Mr. Chairman, I do not want the fact that I have one question this morning to indicate that I have any lack of interest in the testimony because I am very much interested in it and in the various programs to help to increase youth employment, particularly in the minority youth groups.

Dr. Rivlin, on page 5 of your testimony, you have the statement under "changes in the labor force," that "increasing numbers of undocumented workers may also compete with youth for jobs."

Are you referring to illegal aliens?

Dr. **Rivlin**. I think that is the current code word for illegal aliens.

Senator **Stafford**. Euphemism. I just wanted to be clear on that.

The **Chairman**. I have a final question that I hesitated to ask you a moment ago. It would be interesting to have your personal feelings in response to a question that we all have to answer.

We know that the country is facing so many problems: Energy, recession, and all of this presents us with a situation where we are most apprehensive that there will be potentially widespread unemployment.

Now, I just wondered if you would be willing to share your views on whether youth policy should be a priority for Congress and where it should rank in terms of congressional priority with all of these major issues pushing in upon us?

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How do you rate those that we are have been talking about in these hearings, young people and their employment problems?

Dr. RIVLIN. That is a very difficult question. It is a question of personal values, and I generally refrain from giving my personal values about priorities. Unfortunately, you cannot refrain. You were elected to do this, to make those decisions, and I do not envy you this one. But clearly a nation that neglects its youth will be sorry in the long run.

The CHAIRMAN. I like your response.

Is there anything further?

This will be a basic text for us as we pursue our work and refine our response to priorities.

I thank you, Dr. Rivlin.

Dr. RIVLIN. Thank you, Mr. Chairman.

[The prepared statement of Dr. Rivlin follows:]

STATEMENT OF

ALICE M. RIVLIN
DIRECTOR

CONGRESSIONAL BUDGET OFFICE

BEFORE THE

SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

OCTOBER 24, 1979

The federal commitment to assisting young people through education, training, and employment programs is large and has grown substantially during the last decade. Expenditures exceed $9 billion annually for youth aged 14 to 22, a per capita expenditure of about $255. In real terms, federal outlays for youth education and employment programs have increased by over $3 billion since 1970, an increase of 185 percent on a per capita basis.

Despite this large federal expenditure, youth unemployment rates remain high. The jobs available to youth are often low paying and "deadend." Many young people do not complete high school, or have difficulty going on to postsecondary education.

During the next year, the Congress faces legislative and funding decisions that will shape the future character of federal youth policy. The reauthorization of postsecondary education and youth employment and training programs will be considered. Appropriation levels for all youth-oriented programs will be established. Efforts to improve the effectiveness of federal youth programs are likely to be undertaken.

In order to provide a background for these decisions, my testimony today focuses on:

- First, an overview of the present and future status of youth employment and education problems;
- Second, a review of the size and distribution of federal resources that are currently devoted to these problems; and
- Third, a brief review of the youth policy options that the Congress will likely consider this coming year.

THE CURRENT STATUS OF YOUTH PROBLEMS

Historically, unemployment rates for young people have exceeded the rates for adults. In September 1979, for example, the unemployment rate was 16.4 percent for those in the labor force aged 16 to 19, as compared with 4.1 percent for those aged 25 to 54.

Many young people do not finish high school. In New York City, only 45 percent of ninth-grade students eventually complete high school. Many employers report that young job applicants do not have the basic work skills that education should provide.

Employment problems are much more severe for black, Hispanic, low-income, and less educated youth. The unemployment rates of blacks and Hispanics aged 16 to 19 far exceed those of white youth. Unemployment is generally higher among high school dropouts than among graduates; black and Hispanic dropouts fare even worse.

Educational problems are similarly concentrated. High school completion remains a problem primarily for Hispanic youth. In 1978, 10 percent of whites and 14 percent of blacks aged 14 to 22 were not enrolled in school and did not have high school degrees, as compared with 25 percent of Hispanic youth of the same ages (see Table 1). Postsecondary school enrollment rates are also uneven: low-income high school graduates are less likely than middle- or high-income graduates to enroll in college.

It is clear, therefore, that significant educational and employment problems exist among young people, and that they are concentrated among minority and lower-income youth.

TABLE 1. MEASURES OF YOUTH EDUCATION AND EMPLOYMENT

Type of Youth	Percentage of Youth Unemployed[a]	Percentage of Youth Enrolled in Post-secondary Institutions[b]	Percentage of All Youth Who Are Not Enrolled and Have Not Completed High School[c]
Black	39	23	14
Hispanic	21	17	25
White	14	30	10
Non-metropolitan	15	23	12
Central City	21	28	14
Suburban	15	34	8
Family Income			
Less than 15,000	N/A	21	17
15,000--24,999	N/A	33	6
25,000 or more	N/A	53	3

a. Bureau of Labor Statistics, annualized averages for calendar year 1978 for youth aged 16 to 19.

b. Bureau of the Census, Current Population Survey, October 1978, for youth aged 18 to 22.

c. Current Population Survey, October 1978, for youth aged 14 to 22.

WILL THESE YOUTH PROBLEMS EXIST IN THE FUTURE?

Many observers have predicted that educational and employment problems among young people will decline in the near future because the youth population is projected to decline by 17 percent between 1980 and 1990. It is argued that, as the number of young people decreases, they will more easily find jobs; high schools will be less crowded and therefore more effective; and postsecondary institutions will be more actively seeking students. It is not at all clear, however, that this bright prospect applies to disadvantaged youth. Other factors—the economic outlook, changes in the adult labor force, and the changing demographic composition of the youth population—make the outlook less favorable for disadvantaged youth.

The economic outlook. Youth unemployment in general, and minority youth unemployment in particular, are very sensitive to labor market conditions. Every 1.0 percentage point increase in the general unemployment rate is accompanied by an increase of about 1.5 percentage points in the youth unemployment rate. If high unemployment is tolerated during the 1980s in order to reduce inflation, even higher youth unemployment rates can be anticipated.

Changes in the labor force. Rising participation of adults in the labor force—for example, among women and older workers—may provide new competition for younger workers during the next decade. Increasing numbers of undocumented workers may also compete with youth for jobs. If competition increases, the opportunities for minority and disadvantaged youth are likely to remain restricted.

The demographic composition of the youth population. Although the number of young people will decline between 1979 and 1990, the character of the youth population will change in ways that may maintain or increase the severity of youth problems. Disadvantaged and minority youth will represent an increasing share of the youth population. The nonwhite segment of the youth population is expected to increase from 16 percent at present to about 19 percent in 1990 (see Table 2). The percentage of Hispanics in the youth population is also growing.

TABLE 2. PROJECTED RACIAL AND MINORITY DISTRIBUTION OF THE YOUTH POPULATION AGED 14 TO 22: IN PERCENTS

	White	Black	Other
1980	84	14	2
1985	83	15	2
1990	81	15	4

SOURCE: Bureau of the Census, "Projections of the Population of the United States: 1977 to 2050," Series II.

SIZE AND DISTRIBUTION OF FEDERAL SUPPORT FOR YOUTH PROGRAMS

Federal support aimed at improving the educational and employment opportunities of youth is sizable and has grown substantially during the last decade. In a time of fiscal stringency, when there are many other competing demands on the budget, it is important to ask whether this money is well spent.

Are federal programs targeted on youth with the most severe education and employment problems? Federal money is generally concentrated on low-income and nonwhite individuals. More than five times as much money is spent per capita on youth in lower-income families as on those in high-income families, and about three and a half times as much per capita on nonwhite as on white youth. However, a recent change in the higher education student assistance legislation will somewhat alter this distribution. The Middle-Income Student Assistance Act of 1978 has greatly increased federal assistance to students from middle-income families through the Basic Educational Opportunity Grant and the Guaranteed Student Loan programs. This will diminish targeting toward low-income youth.

The bulk of federal assistance goes to youth who have completed high school, many of whom would have enrolled in postsecondary institutions even without federal assistance. Approximately half of the total federal expenditure for youth aged 14 to 22 is directed toward the fifth of that age group who enroll in college. The average federal expenditure on youth enrolled in postsecondary institutions is about twice as much per capita as that spent on nonenrolled youth who dropped out of high school, and about five times as much per capita as that spent on youth enrolled in high school (see Table 3). The question arises: Are federal expenditures targeted on those youth who are most likely to have educational and employment difficulties?

State and local governments, of course, also support the education of youth, primarily through public funding of elementary, secondary, and postsecondary education.

Are federal programs effective in resolving the employment and educational problems of youth? The effectiveness of most federal programs in improving the educational and employment status of youths is uncertain. Federal student aid programs have shown limited success in increasing the participation in postsecondary education of young adults from lower-income families. Upward Bound and Talent Search appear to be moderately successful in encouraging high school completion and college attendance. The effectiveness of federal vocational education programs is unclear; a Congressionally mandated study of vocational education is expected to shed some light on this issue. It is generally acknowledged that compensatory education programs, such as Title I of the Elementary and Secondary

TABLE 3. ESTIMATED PER CAPITA DISTRIBUTION OF FEDERAL EDUCATION AND EMPLOYMENT FUNDS TO ALL YOUTH AGED 14-22 BY EDUCATIONAL STATUS, INCOME, AND RACE DURING THE 1978-1979 SCHOOL YEAR: IN DOLLARS[a]

		Youth Enrolled in School		Youth Not Enrolled in School		
	All Youth	In High School	In Post-secondary	High School Incomplete	High School Graduates	Attended Postsecondary
Total Population	255	139	692	322	157	96
Family Income						
Less than 15,000	413	266	1,287	390	258	169
15,000-24,999	107	46	448	63	13	13
25,000 or more	72	18	202	25	b	b
Race						
Nonwhite	657	374	1,642	869	568	330
White	183	90	552	191	99	61

SOURCE: CBO estimates based on data from the Office of Education, the Department of Labor, and the Bureau of the Census.

a. Expenditures for youths enrolled in proprietary schools are not included in this table.

b. Less than $1.00.

Education Act (ESEA), are moderately successful at improving achievement. Evaluations of the Youth Employment Demonstration Projects Act are underway from the Department of Labor, and will be essential to an informed debate on youth employment reauthorization. Some long-standing training programs, such as the Job Corps, are recognized as somewhat successful at meeting the needs of disadvantaged youth.

YOUTH POLICY CHOICES THAT WILL CONFRONT THE CONGRESS

During the next year, the Congress will face critical youth policy choices. One of these will be whether or not to continue the expansion of youth-oriented education and employment programs during a period of overall budget stringency. Allocations will have to be made among alternative aims: improvements in high school or postsecondary educational opportunities, improvements or expansions of training programs, and increased youth employment. Within each program area, the Congress will have to establish priorities regarding the most effective activities and the most needy recipients.

Two major pieces of legislation affecting youth programs expire in fiscal year 1980. In considering the reauthorization of the Youth Employment Demonstration Projects Act (YEDPA), the Congress must decide whether to expand the coordination between schooling and employment opportunities authorized under the youth entitlement experiments. The YEDPA reauthorization debate will require assessments of the relative effectiveness of training and jobs creation, and decisions about how tightly youth programs should be targeted.

The decisions about the reauthorization and funding of the Higher Education Act confront the Congress with similar choices: whether to expand student assistance or to give greater emphasis to activities like Upward Bound and Talent Search. If the current emphasis on student aid is maintained, the mix of resources among grants, loans, and work-study programs will need to be decided. Within each of these programs, the distribution of scarce federal support among different types of students will also have to be established.

Even though the authorizations for elementary and secondary education programs do not expire this year, important funding choices will confront the Congress. Several options that have been discussed include increased support for secondary school education, particularly in the area of basic skills for disadvantaged youth.

Another set of options would involve strengthening the federal policies that affect whether or not minority and lower-income youth are disadvantaged. These include income assistance, health care, housing, and antidiscrimination policies.

The youth policy choices that confront the Congress are numerous and difficult. My testimony today was intended to give some background for your deliberations, not to provide answers. Mr. Chairman, at your request and at the request of several other committees, the CBO is currently conducting studies of several of the youth policy choices that will confront the Congress. We hope that, as the results of these analyses become available, we can meet with you again and discuss some of the answers.

APPENDIX TABLES

APPENDIX 1. ESTIMATED DISTRIBUTION OF THE YOUTH POPULATION AGED 19-22 BY EDUCATIONAL STATUS, INCOME, AND RACE DURING THE 1978-1979 SCHOOL YEAR: IN THOUSANDS[a]

	All Youth	Youth Enrolled in School: In High School	Youth Enrolled in School: In Post-secondary	Youth Not Enrolled in School: High School Incomplete	Youth Not Enrolled in School: High School Graduates	Youth Not Enrolled in School: Attended Postsecondary
Total Population	36,042	15,996	6,249	3,938	7,260	2,597
Family Income						
Less than 15,000	18,315	7,022	2,421	3,141	4,316	1,414
15,000-24,999	10,321	5,284	1,764	586	1,992	694
25,000 or more	7,406	3,691	2,064	211	952	489
Race						
Nonwhite	5,514	2,729	805	760	898	323
White	30,527	13,267	5,445	3,178	6,363	2,275

SOURCE: CBO estimates based on the October 1978 Current Population Survey, Bureau of the Census.

NOTE: Components may not add to totals because of rounding.

a. This population estimate does not include youth enrolled in special schools or proprietary institutions.

APPENDIX 2. ESTIMATED DISTRIBUTION OF FEDERAL EXPENDITURES FOR YOUTH IN ELEMENTARY, SECONDARY, AND POSTSECONDARY EDUCATION PROGRAMS, AND IN EMPLOYMENT PROGRAMS FOR YOUTH AGED 14-22 BY EDUCATIONAL STATUS, INCOME, AND RACE DURING THE 1978-1979 SCHOOL YEAR: IN MILLIONS OF DOLLARS[a]

	All Youth	Youth Enrolled in School		Youth Not Enrolled in School		
		In High School	In Post-secondary	High School Incomplete	High School Graduates	Attended Postsecondary
Total Population	9,198.3	2,217.7	4,325.7	1,268.7	1,137.9	248.4
Family Income						
Less than 15,000	7,562.6	1,867.7	3,116.9	1,226.4	1,112.4	239.2
15,000-24,999	1,103.0	241.7	790.0	36.9	25.3	9.0
25,000 or more	532.8	108.3	418.8	5.3	0.2	0.2
Race						
Nonwhite	3,623.9	1,020.4	1,321.8	661.5	510.4	109.7
White	5,574.5	1,197.3	3,003.9	607.1	627.5	138.7

SOURCE: CBO estimates based on data from the Office of Education and the Department of Labor.

NOTE: Components may not add to totals because of rounding.

a. Expenditures for youths enrolled in proprietary schools are not included in this table.

APPENDIX 3. ESTIMATED DISTRIBUTION OF FEDERAL EXPENDITURES FOR ELEMENTARY AND SECONDARY EDUCATION PROGRAMS TO YOUTH AGED 14-22 BY EDUCATIONAL STATUS, INCOME, AND RACE DURING THE 1978-1979 SCHOOL YEAR: IN MILLIONS OF DOLLARS[a]

	All Youth	Youth Enrolled in School		Youth Not Enrolled in School		
		In High School	In Post-secondary	High School Incomplete	High School Graduates	Attended Postsecondary
Total Population	745.7	610.3	80.5	47.7	4.9	2.3
Family Income						
Less than 15,000	464.7	390.9	41.7	25.9	4.4	1.8
15,000-24,999	223.0	175.9	30.0	16.5	0.3	0.3
25,000 or more	58.0	43.5	8.8	5.3	0.2	0.2
Race						
Nonwhite	242.0	206.6	18.3	12.5	3.3	1.2
White	503.7	403.7	62.2	35.2	1.6	1.0

SOURCE: CBO estimates based on data from the Office of Education.

NOTE: Components may not add to totals because of rounding.

a. Federal expenditures for students attending proprietary institutions are not included in this estimate. Some programs, such as vocational and occupational education, distribute funds to community colleges, four-year colleges, and adult education programs, as well as to high schools.

APPENDIX 4. ESTIMATED DISTRIBUTION OF FEDERAL EXPENDITURES FOR YOUTH EMPLOYMENT PROGRAMS TO YOUTH AGED 14-22 BY EDUCATIONAL STATUS, INCOME, AND RACE DURING THE 1978-1979 SCHOOL YEAR: IN MILLIONS OF DOLLARS[a]

	All Youth	Youth Enrolled in School		Youth Not Enrolled in School		
		In High School	In Post-secondary	High School Incomplete	High School Graduates	Attended Postsecondary
Total Population	3,874.7	1,245.4	29.2	1,220.9	1,133.1	246.1
Family Income						
Less than 15,000	3,820.5	1,245.4	29.2	1,200.5	1,108.0	237.4
15,000-24,999	54.1	0	0	20.4	25.0	8.7
25,000 or more	0	0	0	0	0	0
Race						
Nonwhite	2,009.1	731.0	13.5	649.0	507.1	108.5
White	1,865.6	514.4	15.6	571.9	625.9	137.7

SOURCE: CBO estimates based on data from the Department of Labor.

NOTE: Components may not add to totals because of rounding.

a. Federal expenditures for students attending proprietary institutions are not included in this estimate.

APPENDIX 5. ESTIMATED DISTRIBUTION OF FEDERAL EXPENDITURES FOR POSTSECONDARY EDUCATION PROGRAMS TO YOUTH AGED 14-22 BY EDUCATIONAL STATUS, INCOME, AND RACE DURING THE 1978-1979 SCHOOL YEAR: IN MILLIONS OF DOLLARS[a]

	All Youth	Youth Enrolled in School: In High School	Youth Enrolled in School: In Post-secondary	Youth Not Enrolled in School: High School Incomplete	Youth Not Enrolled in School: High School Graduates	Youth Not Enrolled in School: Attended Postsecondary
Total Population	4,578.0	362.0	4,216.0	0	0	0
Family Income						
Less than 15,000	3,277.4	231.4	3,046.0	0	0	0
15,000-24,999	825.8	65.8	760.0	0	0	0
25,000 or more	474.8	64.8	410.0	0	0	0
Race						
Nonwhite	1,372.8	82.8	1,290.0	0	0	0
White	3,205.2	279.2	2,926.0	0	0	0

SOURCE: CBO estimates based on data from the Department of Education.

NOTE: Components may not add to totals because of rounding.

a. Federal expenditures for students attending proprietary institutions are not included in this estimate. Some Social Security and Veterans' benefits go to students enrolled in high school.

The Chairman. We will now consider further the relationship between education and youth employment.

The responsibility of educational institutions in relation to youth employment and the role of secondary education, vocational education and higher education in preparing youth for labor market entry, is the concern of the next panel.

Entitled "Education and Youth Employment," our panel will also address possible changes in the role of educational institutions in the 1980's in regard to preparation for labor market entry and transition from school to work. Our panel of experts are: Ms. Joan Wiskowski, assistant commissioner for labor and human resources, New Jersey Department of Labor and Industry; Mr. Michael Timpane, acting director, National Institute of Education; Dr. Gordon Swanson, associate professor, University of Minnesota, who was involved in the recent NIE study on vocational education; Mr. David W. Hornbeck, Maryland State Superintendent of Schools, along with Dr. John Grasso, formerly of Ohio State University and currently with the office of research and development, West Virginia University.

Senator Mathias is here and would like, I am sure, to introduce the superintendent of schools from the State of Maryland.

Senator Mathias.

Senator Mathias. Thank you very much.

I do not want to delay the panel or the committee. I only want to take a moment to commend Dr. Hornbeck's testimony to you. He is not only a very creative State superintendent of education, but he has a particular expertise in this area.

We have a youth incentive entitlement project in Baltimore which involves over 5,000 young people which is a remarkable kind of coordination between the school system, the public sector, and the private sector job market.

I think the committee will find it a very interesting exposition and he is a highly qualified witness on this subject.

The Chairman. Thank you.

At this point we will receive for the record a statement by Senator Randolph.

STATEMENT OF HON. JENNINGS RANDOLPH, A U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator Randolph. Mr. Chairman. With you and other members, we welcome the panel of witnesses. In particular, I am gratified to welcome a fellow West Virginian, Dr. John Grasso, of West Virginia University. I feel we will benefit from Dr. Grasso's extensive research and work in the areas of vocational and higher education and their relationship to transition into the workplace.

I commend the chairman for convening these timely hearings. In the next session of Congress, we will be working on reauthorizing youth employment programs. We must assure that all community resources participate in the youth programs—the business community, labor, educators, and government. Involvement by all sectors is necessary to establish the required linkage between the classroom and employment.

This past May, in addressing a multistate conference on Community Colleges and the World of Work in Wheeling, W. Va., I cautioned the conferees that "Effective linkage is the most critical factor in implementing successful employment and training programs. Guidance in this area can be provided at the Federal and State levels. However, to truly achieve the integration of available resources—we must have action and commitment at the local level."

Salem College, my alma mater, has numerous programs to fulfill this need. Among them are engineering technology; mining technology; occupational, safety, and health; equestrian; nursing; accounting; banking; brodcasting; computer science; marketing; real-estate; criminal justice.

It is my belief that programs should reflect an assessment of, and utilization of, local resources and needs—with emphasis on matching programs and participants to job market demand in each area. Education, training, and work opportunities can never be viewed separately. All are indispensible elements of a successful, directed effort to assure optimum utilization of our human resources.

The CHAIRMAN. The panel will proceed in order of introduction. You will be the first witness, Ms. Wiskowski.

We welcome you.

STATEMENTS OF MS. JOAN WISKOWSKI, ASSISTANT COMMISSIONER FOR HUMAN RESOURCES, NEW JERSEY DEPARTMENT OF LABOR AND INDUSTRY; MICHAEL TIMPANE, ACTING DIRECTOR, NATIONAL INSTITUTE OF EDUCATION; DR. GORDON SWANSON, ASSOCIATE PROFESSOR, UNIVERSITY OF MINNESOTA; DAVID W. HORNBECK, MARYLAND STATE SUPERINTENDENT OF SCHOOLS; AND DR. JOHN GRASSO, OFFICE OF RESEARCH AND DEVELOPMENT, WEST VIRGINIA UNIVERSITY, A PANEL

Ms. WISKOWSKI. Thank you, Mr. Chairman.

Mr. Chairman, and committee members, my name is Joan Wiskowski. I am the assistant commissioner for human resources, New Jersey Department of Labor and Industry.

I am pleased to be here representing Governor Brendan Byrne of New Jersey. He asked me to convey his personal regrets. He very much wanted to be here, but he is hosting a conference and meeting with Japanese Governors, so he could not make it here this morning.

I am going to ask that the formal testimony be included in the record and, for the sake of time, I will briefly summarize the material that Governor Byrne has prepared.

The seemingly simple question, how can we put our young people to work, has been a growing challenge to the best academic and political minds in the industrial world in recent years.

There is little question about the severity of the problem. Youth employment is recognized as a major social problem throughout the Nation. No modern industrial nation has the unemployment rates for youth that exist in the United States. The problem of youth unemployment is not a sudden abberation; youth unemployment rates relative to those for adults have increased steadily in the last two decades.

Before we can establish policies intended to solve the intractable problem of youth unemployment, we must know its causes. Identification of the major structural causes of youth unemployment are especially critical, since the underlying economic trends suggest the youth unemployment problem will be with us for some time to come. Among those causes are:

First, the dramatic increase in our labor force, due to the post World War II population boom, caused a bulge in the ranks of young people entering the labor market during the past two decades.

Second, slow economic growth rates and high overall rates of unemployment have exacerbated the employment problems of young people.

Third, lack of an adequate number of entry-level jobs due to technological advances requiring higher level skills and less labor requirements.

Our Nation's need is for well crafted action by our Government right now. The youth employment and training policy for the Nation needs to be viewed within the context of the larger responsibility of our Nation to insure a full employment policy for all of our citizens. The goals we should be seeking to achieve in developing our national policy on youth employment and training are simple and direct.

The major issues which I think have to be addressed fall into four categories. I would like to briefly mention what they are and explain again briefly the background.

First, to serve those with the greatest need. While income is the best indicator of need for targeting youth programs, youth who are not economically disadvantaged may still suffer the debilitating effects of unemployment and need our attention.

I urge this committee to consider a set-aside for use by the Governor to fund programs for all unemployed youth.

In an attempt to identify broad programs to serve all youth, the concept of national service has emerged as a major policy consideration for the 1980's as a consequence of the growing concern with the limited number and scope of job opportunities available to youth. While a wide range of programs and policy options for implementation of national service have been suggested, envisioned in all of the programs is the concept of a corps of youth who could provide valuable services to communities. An argument in support of national service is the immediate need it would fill in creating enough work opportunities for youth while not displacing adult workers.

National service for youth is an imaginative idea that warrants careful consideration by this committee.

The second major category is the improvement of long-term employability.

It is our belief that the place to begin improving the long-term employability of our youth is to strengthen their basic skills. The lack of strong basic skills which seem to be inadequate in many unemployed youth should be addressed. Either the educational system is lacking in its effort in this area or the school/home environment is such that it is not conducive to the learning and/or grasping of basic skills. A more comprehensive and flexible type of work/career preparation program is also needed; one which includes structured work experiences as part of the formal education.

Greater focus on providing students with occupational counseling and information, and information on how organized labor and businesses and other elements of the labor market function; and greater private sector involvement in the provision of the work experiences, the design of vocational training programs and the development of career information. In addition, opportunities should be provided for out-of-school youth to complete their education and strengthen their self-esteem. Other recommendations for your consideration are:

School-to-work transition efforts supplemented by a vocational exploration program should be strengthened especially for students not furthering their education beyond high school.

Greater reliance should be placed on educational funding sources to provide incentives for youths to remain in school.

Greater emphasis must be placed on the inservice training of teachers to prepare them for their expanded responsibilities of career education.

Parents must be encouraged to assume a greater role in participating more closely in the education programs for their children.

Youth employment and training resources should complement rather than substitute for academic learning.

All youth employment programs, including short-term summer jobs, work experience opportunities for inschool youth, training and full time subsidized employment must be designed to ensure the development and reinforcement of good work habits and personal skills.

Accurate labor market projections of supply and demand must be the basis for the technical and skill training of youth.

To provide the creation of new jobs:

It is out belief that the goal of full employment can only be achieved when we have a vigorous, healthy and growing economy. The success of our national employment policy and within this framework, our youth employment policy will be highly sensitive to the fluctuations of our economic conditions. Specifically, targeted programs for the young or for any group cannot be expected to carry the weight of bringing order and stability to the labor markets. We must push the American economy on to a new plan of vigorous, but stable, economic growth.

Within this framework, we must develop a youth employment and training strategy which fosters the creation of public and private job opportunities in growth and potential new markets, while exercising care not to displace our existing workforce.

To insure the coordinated use of resources.

Through the State employment and training council, the board of education and the board of higher education and other educational and economic development advisory councils and commissions, the State should play an active leadership role in coordinating the efforts of institutions and programs of all levels related to youth employment and training and should promote stronger cooperation among business, labor, educational institutions and the employment and training system.

On behalf of the Governor, I would like to express his strong support for the new provision of CETA title II which provides Governors with special funds to encourage linkages between education and employment and training agencies who wish to demonstrate the value of jointly planned and operated programs for youth. These joint programs, we believe, will begin to close the gaps between the two systems and are crucial to the employment of our youth.

We also would recommend that since the education system and CETA serve youth, mandated linkages should be legislated for both systems. At the present time, only CETA and the Vocational Education Act carry such a mandate. Similar mandatory linkages must be written into such laws as the Career Education Act and the Higher Education Act.

While mandated linkages between these two youth-serving programs clearly work to the benefit of youth, such linkages are often difficult to effect because of lack of synchronization of funding and planning cycles.

Therefore, we recommend this committee give consideration to the development of consistent planning cycles and, to the maximum extent possible, consistency in administering regulations governing eligibility criteria, program performance, and reporting cycles. Further, to insure, I urge that this committee give consideration to the forward funding of youth expenditures under CETA to enable coordination with the forward funding flow of education expenditures to local school agencies.

The chairman and members of this committee may be interested to know that Governor Byrne plans to convene later this fall a youth employment and training policy task force. In New Jersey, this task force will be comprised of representatives of private industry, organized labor, local communities, educational institutions, government, and community-based organizations, as well as youth themselves. The Governor's task force will be conducting a series of open town meetings throughout the State in an effort to hear testimony from the widest cross section of New Jersey citizens concerned with jobs and training for our youth. The Governor will take the lead in assuring that the youth employment and training resources of my State follow the policy directions recommended to me. The development of a State policy on youth employment will be critical in establishing a direction for how the State can best utilize its present resources to cause greater access to employment and training opportunities for youth.

The Governor is aware also that issuance of this policy is only a beginning. Its adoption by the State employment and training council, the State board of education, the State board of higher education, and myself, should insure the broad impact intended in its formulation. The council and the boards will next develop an action plan to carry out these policy recommendations consistent with policy goals and State and Federal laws and regulations. The policy's impact will begin with the fiscal year 1981 employment, training and education programs.

In conclusion, we suggest to this committee that we must view youth employment problems in the broadest perspective. The demographic changes which created a generation of labor market disfunctions and placed serious strains on our economic, social, and political institutions will occur again, creating new, perhaps dramatically different demands in the decades ahead. As this generation of youth grows older, we, along with our sons and daughters, will be forced to deal with problems of housing, health care, and income for retirement years. The challenge before us is to forge a framework of bold and creative new policies which will enable us to resolve today's problems and develop the capacity to shape the opportunities of our future.

The CHAIRMAN. Excellent statement.

Thank you very much.

[The prepared statement of Governor Byrne presented by Ms. Wiskowski follows:]

STATE OF NEW JERSEY
OFFICE OF THE GOVERNOR
TRENTON
08625

BRENDAN T. BYRNE
GOVERNOR

STATEMENT OF

GOVERNOR BRENDAN BYRNE

OF NEW JERSEY

BEFORE THE

SENATE COMMITTEE ON

LABOR AND HUMAN RESOURCES

JULY 12, 1979

MR. CHAIRMAN AND COMMITTEE MEMBERS:

GOOD MORNING, MY NAME IS BRENDAN BYRNE, GOVERNOR OF NEW JERSEY. I APPRECIATE THE OPPORTUNITY TO TESTIFY HERE TODAY ON THE FUTURE DIRECTION OF YOUTH EMPLOYMENT POLICY AND THE ROLE OF THE STATES IN MEETING THE EDUCATIONAL EMPLOYMENT AND TRAINING NEEDS OF OUR YOUTH.

I COMMEND NEW JERSEY'S SENIOR SENATOR HARRISON A. WILLIAMS AND THE DISTINGUISHED MEMBERS OF THIS SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES FOR CONVENING THIS HEARING ON YOUTH AND THE WORKPLACE: PERSPECTIVES FOR THE COMING DECADE.

YOUTH EMPLOYMENT IS RECOGNIZED AS A MAJOR SOCIAL PROBLEM THROUGHOUT THE NATION. NO MODERN INDUSTRIAL NATION HAS THE UNEMPLOYMENT RATES FOR YOUTH THAT EXIST IN THE UNITED STATES. THE PROBLEM OF YOUTH UNEMPLOYMENT IS NOT A SUDDEN ABERRATION; YOUTH UNEMPLOYMENT RATES RELATIVE TO THOSE FOR ADULTS HAVE INCREASED STEADILY IN THE LAST TWO DECADES.

THE SEEMINGLY SIMPLE QUESTION, HOW CAN WE PUT OUR YOUNG PEOPLE TO WORK, HAS BEEN A GROWING CHALLENGE TO THE BEST ACADEMIC AND POLITICAL MINDS IN THE INDUSTRIAL WORLD IN RECENT YEARS. THERE IS LITTLE QUESTION ABOUT THE SEVERITY OF THE PROBLEM. THE COLD STATISTICS, THE BROKEN AND DISRUPTED YOUNG LIVES INDICATE A PROBLEM THAT HAS REACHED CRISIS PROPORTIONS. UNEMPLOYMENT AT ANY AGE CAN BLIGHT A LIFE, LOST INCOME AND OPPORTUNITIES ARE ONLY PART OF THE COST. IT IS HARD TO WEIGH THE BURDENS THAT ENFORCED IDLENESS PLACES ON THE SELF-ESTEEM OF THE INDIVIDUAL

BUT FOR OUR YOUTH, THEIR FIRST MISSED OPPORTUNITY, THEIR FORCED IDLENESS, THEIR INABILITY TO MAKE AN IMPACT ON THEIR SOCIETY OR TO BE ACCEPTED BY IT, CAN LEAVE PERMANENT SCARS THAT THE FUTURE SUCCESSES MAY NEVER HEAL. FOR OUR NATION AS A WHOLE, THERE IS NO DENYING THE ECONOMICALLY, SOCIALLY AND POLITICALLY DESTABILIZING EFFECT WHEN MILLIONS OF YOUNG PEOPLE HAVE NO ROLE TO PLAY IN OUR SOCIETY.

BEFORE WE CAN ESTABLISH POLICIES INTENDED TO SOLVE THE INTRACTABLE PROBLEM OF YOUTH UNEMPLOYMENT WE MUST KNOW ITS CAUSES. IDENTIFICATION OF THE MAJOR STRUCTURAL CAUSES OF YOUTH UNEMPLOYMENT ARE ESPECIALLY CRITICAL, SINCE THE UNDERLYING ECONOMIC TRENDS SUGGEST THE YOUTH UNEMPLOYMENT PROBLEM WILL BE WITH US FOR SOME TIME TO COME.

1. SLOW ECONOMIC GROWTH RATES AND HIGH OVERALL RATES OF UNEMPLOYMENT HAVE EXACERBATED THE EMPLOYMENT PROBLEMS OF YOUNG PEOPLE. THEY ARE THE LAST HIRED AND FIRST FIRED, AND DURING TIGHTENING LABOR MARKETS OFTEN DO NOT GET THE OPPORTUNITY FOR THEIR FIRST JOBS.
2. THE DRAMATIC INCREASE IN OUR LABOR FORCE, DUE TO THE POST WORLD WAR II POPULATION BOOM, CAUSED A BULGE IN THE RANKS OF YOUNG PEOPLE ENTERING THE LABOR MARKET DURING THE PAST TWO DECADES. SLOW GROWTH AND RECESSION EXAGGERATED AN ALREADY SERIOUS GLUT IN MANPOWER SUPPLY SINCE IT COINCIDED WITH THE DRAMATIC INCREASE IN OUR LABOR FORCE.
3. LACK OF AN ADEQUATE NUMBER OF ENTRY-LEVEL JOBS DUE TO TECHNOLOGICAL ADVANCES REQUIRING HIGHER LEVEL SKILLS AND LESS LABOR REQUIREMENTS, INCREASED IMPORTS REDUCING LABOR INTENSIVE INDUSTRIES AND THE ADVENT OF SERVICE INDUSTRIES WHICH EITHER REQUIRE INTENSIVE SKILL TRAINING OR PRESENT DEAD END JOBS.
4. CHANGE IN SOCIETAL VALUES HAS CAUSED INCREASED LEVELS OF EXPECTATIONS AMOUNG YOUTH. THIS RESULTS IN A MISMATCH BETWEEN THEIR EXPECTATIONS . IMMEDIATE OPPORTUNITES PRESENTED TO THEM AS THEY LEAVE THE EDUCATIONAL INSTITUTION.

THE EMERGENCE OF SUCH CLEAR CUT STRUCTURAL TRENDS AND THE INABILITY OF OUR GOVERNMENT TO RESPOND TO THEM EFFECTIVELY POINTS TO SOME SERIOUS DEFICIENCIES IN THE WAY OUR GOVERNMENT MAKES AND CARRIES OUT POLICY. THE STRAIN WHICH THE BABY BOOM PLACED ON OUR INSTITUTIONS IS A CASE IN POINT. THE OVERTRAINING OF TEACHERS, OVERBUILDING OF SCHOOLS AND INATTENTION TO THE DEMANDS AND NATURE OF SKILLS REQUIRED OF THIS GENERATION IN THE WORKFORCE HIGHLIGHTS THE INABILITY OF THE PUBLIC SECTOR TO ANTICIPATE AND PLAN FOR CHANGE. I BELIEVE AS PUBLIC POLICY MAKERS WE CAN AND MUST SHAPE OUR FUTURE BY INFLUENCING SOCIETAL CHANGES IN SOCIALLY CONSTRUCTIVE DIRECTIONS. WHAT IS REQUIRED OF US IS LONG RANGE POLICY PLANNING THAT WILL IDENTIFY EMERGING TRENDS AND DESIGN POLICY OPTIONS TO MEET THEM.

OUR NATIONS'S NEED IS FOR WELL CRAFTED ACTION BY OUR GOVERNMENT RIGHT NOW. THE GOALS WE SHOULD BE SEEKING TO ACHIEVE IN DEVELOPING OUR NATIONAL POLICY ON YOUTH EMPLOYMENT AND TRAINING ARE SIMPLE AND DIRECT:

- TO SERVE THOSE WITH THE GREATEST NEED
- TO IMPROVE LONG-TERM EMPLOYABILITY
- TO PROMOTE THE CREATION OF NEW JOBS
- TO ENSURE THE COORDINATED USE OF RESOURCES

THESE GOALS OFFER A CLEAR SENSE OF DIRECTION TO ALL FEDERAL, STATE, AND LOCAL AGENCIES WHO PLAY A ROLE IN THE EMPLOYMENT AND TRAINING OF YOUTH.

THE YOUTH EMPLOYMENT AND TRAINING POLICY FOR THE NATION NEEDS TO BE VIEWED WITHIN THE CONTEXT OF THE LARGER RESPONSIBILITY OF OUR NATION TO INSURE A FULL EMPLOYMENT POLICY FOR ALL OF OUR CITIZENS. FEDERAL, STATE AND LOCAL GOVERNMENTS MUST USE THEIR RESOURCES AND PLANNING CAPABILITIES TO PROMOTE AND CREATE JOBS AND PROVIDE ACCESS TO JOBS FOR ALL THOSE SEEKING WORK.

BY FOCUSING ON A NATIONAL POLICY OF FULL EMPLOYMENT, WE BECOME ACUTELY AWARE THAT IN PROVIDING FOR THE EMPLOYMENT AND TRAINING NEEDS OF YOUTH WE NEED TO CONSIDER THE EMPLOYMENT NEEDS' OF THE YOUTH'S FAMILY. WE CANNOT SUPPORT A POLICY WHICH PROVIDES A JOB FOR A YOUTH IN THE FAMILY, WHEN THE YOUTH'S PARENT IS EXPERIENCING THE DEBILITATING EFFECTS OF STRUCTURAL UNEMPLOYMENT. THE POLICIES WHICH WE DEVELOP MUST ADDRESS THE NEED TO CREATE ENOUGH WORK OPPORTUNITIES FOR YOUTH WHICH DO NOT DISPLACE ADULT WORKERS.

THE POLICIES WHICH WE DEVELOP TO ENHANCE YOUTH EMPLOYABILITY MUST TAKE INTO ACCOUNT THE SUBSTANTIAL NETWORK OF EDUCATION, EMPLOYMENT AND TRAINING RELATED RESOURCES WHICH ALREADY EXISTS IN THE UNITED STATES CURRENTLY, THOUSANDS OF SEPARATE, OFTEN DUPLICATING PROGRAMS COSTING IN EXCESS OF $100 BILLION ARE AUTHORIZED BY THE MAJOR PIECES OF FEDERAL LEGISLATION; THE VOCATIONAL EDUCATION ACT OF 1963 AS AMENDED IN 1978, THE EDUCATION ACT OF 1965 AS AMENDED IN 1978, THE CAREER EDUCATION ACT OF 1973 AS AMENDED IN 1977, THE HIGHER EDUCATION ACT OF 1965 AS AMENDED IN 1978, THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT OF 1973 AS AMENDED IN 1978 AND THE WAGNER-PEYSER ACT OF 1933.

THE MISSING ELEMENT IN THE DELIVERY OF THESE SERVICES IS THE LACK OF A CLEAR, DIRECT NATIONAL POLICY WHICH WOULD ESTABLISH THE DIRECTION, COORDINATION AND ACCOUNTABILITY OF THESE RESOURCES TO ACHIEVE THE GOAL OF YOUTH EMPLOYMENT AND TRANSITION OF SCHOOL TO WORK. SHAPING THESE PROGRAMS INTO A COORDINATED, INTEGRATED NETWORK WOULD MORE EFFECTIVELY RESPOND TO THE LONG TERM NEEDS OF OUR YOUTH. BECAUSE OF THE MANY PROGRAMS THAT EXIST, A CLEARINGHOUSE FOR YOUTH, EDUCATIONAL AND TRAINING PROGRAMS FUNDED BY THE DEPARTMENT OF LABOR AND THE DEPARTMENT OF HEALTH, EDUCATION AND WELFARE SHOULD BE CREATED. THIS CLEARINGHOUSE SHOULD CONTAIN PROGRAM AND EVALUATION INFORMATION ON YOUTH EMPLOYMENT AND TRAINING PROGRAMS THAT HAVE BEEN TRIED IN THE VARIOUS STATES. SUCH ESSENTIAL SOURCES OF INFORMATION WOULD PROVIDE

POLICY MAKERS AND PROGRAM ADMINISTRATORS WITH ACCESSIBLE EVALUATIVE DATA ON CONCEPTS AND PROGRAMS THAT HAVE BEEN ATTEMPTED ELSEWHERE.

I WOULD LIKE TO EXPAND ON THE GOALS MENTIONED EARLIER IN MY TESTIMONY, PROVIDE THE COMMITTEE WITH SPECIFIC RECOMMENDATIONS ON HOW PRESENT EDUCATIONAL, EMPLOYMENT AND TRAINING PROGRAMS CAN BE BETTER BROUGHT INTO CONFORMANCE WITH THESE GOALS AND OUTLINE HOW NEW JERSEY IS USING THESE GOALS AS THE BASIS FOR THE DEVELOPMENT OF SPECIFIC PROGRAMS AT THE LOCAL LEVEL.

I. TO SERVE THOSE YOUTH WITH THE GREATEST NEED

THE NEED FOR EDUCATION, WORK EXPERIENCE, VOCATIONAL SKILLS, TECHNICAL SKILLS AND INCOME VARIES AMONG YOUTH. IN UTILIZING THE STATE'S EMPLOYMENT AND TRAINING RESOURCES, DECISION MAKERS SHOULD WORK WITH THE PRIVATE SECTOR TO PROVIDE JOB OPPORTUNITIES FOR ALL YOUTH. HOWEVER, IN THE ALLOCATION OF PUBLIC DOLLARS, PRIORITY SHOULD BE GIVEN TO SERVING YOUTH WITH THE GREATEST NEED: THE ECONOMICALLY DISADVANTAGED AND, WITHIN THIS GROUP, YOUTH FACING ADDITIONAL BARRIERS TO EMPLOYMENT. AMONG THESE BARRIERS ARE: RACE AND SEX DISCRIMINATION, LIVING IN HIGH UNEMPLOYMENT AREAS, SCHOOL DROPOUTS, LACK OF PROFICIENCY IN LANGUAGE, PHYSICAL AND MENTAL HANDICAPS, AND FAMILY RESPONSIBILITIES.

SPECIAL PRIORITIES SHOULD BE ESTABLISHED AND SPECIAL PROGRAMS DESIGNED FOR YOUTH WHO FACE MULTIPLE BARRIERS TO EMPLOYMENT AND TRAINING OPPORTUNITES. THE DELIVERY OF SERVICES SHOULD BE THROUGH FLEXIBLE MECHANISMS THAT ENCOURAGE THE DEVELOPMENT OF SOLUTIONS BY LOCAL SERVICE DELIVERERS IN RESPONSE TO LOCAL NEEDS.

CETA MARKED THE DEPARTURE FROM OTHER EMPLOYMENT AND TRAINING PROGRAMS IN ITS DECENTRALIZED AND DECATEGORIZED APPROACH TO THE DELIVERY OF SER-

VICES. WHILE THE ADMINISTRATIVE SHORTCOMINGS OF THIS SYSTEM HAVE BEEN DOCUMENTED, CONGRESS THROUGH THE CETA REAUTHORIZATION PROCESS STRENGTHENED THE CETA ADMINISTRATIVE MECHANISM IN THE DELIVERY OF EMPLOYMENT AND TRAINING SERVICES, CETA THUS REMAINS AS THE BEST ALTERNATIVE TO MEET THE VARIED EDUCATIONAL, EMPLOYMENT AND TRAINING NEEDS OF YOUTH.

WHILE INCOME IS THE BEST INDICATOR OF NEED FOR TARGETING YOUTH PROGRAMS, YOUTH UNEMPLOYMENT PROBLEMS TRANSCEND INCOME LEVEL AND SOCIAL CLASS; YOUTH WHO ARE NOT ECONOMICALLY DISADVANTAGED MAY STILL SUFFER THE DEBILITATING EFFECTS OF UNEMPLOYMENT AND NEED OUR ATTENTION. I URGE THIS COMMITTEE TO CONSIDER A SET ASIDE FOR USE BY THE GOVERNOR TO FUND PROGRAMS FOR ALL UNEMPLOYED YOUTH.

IN AN ATTEMPT TO IDENTIFY BROAD PROGRAMS TO SERVE ALL YOUTH, THE CONCEPT OF NATIONAL SERVICE HAS EMERGED AS A MAJOR POLICY CONSIDERATION FOR THE 1980'S. THE RE-EMERGENCE OF THE IDEA OF NATIONAL SERVICE HAS RESULTED FROM THE GROWING CONCERN WITH THE PRESENT NUMBER AND SCOPE OF JOB OPPORTUNITIES AVAILABLE TO YOUTH, THE COMPLEX PROBLEMS FACING THEM INCLUDING UNEMPLOYMENT, IDLENESS AND ALIENATION, AND THE HOST OF NEEDS OF OUR SOCIETY. TO DEAL WITH THE COMPLEX OF INTERACTING YOUTH PROBLEMS CONFRONTING THE NATION, A WIDE VARIETY OF PROGRAMS HAVE BEEN PROPOSED. THE PROGRAMS AND POLICY OPTIONS WITHIN THE FRAMEWORK OF NATIONAL SERVICE ARE BY NO MEANS SIMILAR IN FORMAT OR IMPACT. HOWEVER, ENVISIONED IN ALL OF THE PROGRAMS IS THE CONCEPT OF A CORPS OF YOUTH WHO COULD PROVIDE VALUABLE SERVICES TO COMMUNITIES. A VERY FAVORABLE ARGUMENT IN SUPPORT OF NATIONAL SERVICE IS THE IMMEDIATE NEED IT WOULD FILL IN CREATING ENOUGH WORK OPPORTUNITIES FOR YOUTH WHILE NOT DISPLACING ADULT WORKERS. ACCORDING TO THE COMMITTEE FOR THE STUDY OF NATIONAL SERVICE, A CENTRAL TASK IN DEFINING AREAS OF NATIONAL SERVICE IS TO DETERMINE WHAT NEEDS

TO BE DONE THAT IS NOT LIKELY TO BE DONE WITH EXISTING RESOURCES. FIVE AREAS OF NEED WHICH THE COMMITTEE SUGGEST MIGHT BE ADDRESSED INCLUDE VOLUNTEER ACTIVITIES IN:

- EDUCATION AS AIDES, TUTORS, MAINTENANCE AND REHABILITATION WORKERS
- SOCIAL SERVICES TO THE ELDERLY AND MENTALLY OR PHYSICALLY HANDICAPPED;
- ENVIRONMENTAL PROGRAMS;
- SOCIAL SERVICE FOR YOUTH AND CHILDREN;
- CULTURAL ACTIVITIES, MUSEUMS AND PUBLIC LIBRARIES

WHILE ONLY ROUGH ESTIMATES OF COST ARE AVAILABLE, AT THIS POINT THE ESTIMATES RANGE FROM AN ANNUAL EXPENDITURE OF $3 BILLION TO $23.5 BILLION. THE WIDE VARIANCE IN COST ESTIMATES IS ACCOUNTED FOR BY A NUMBER OF FACTORS INCLUDING THE NUMBER OF PARTICIPANTS, THE ADMINISTRATIVE STRUCTURE, THE SCALE OF THE PROGRAM, AND WHETHER OR NOT VOLUNTEERS ARE PAID THE MINIMUM WAGE OR A SUBSISTENCE STIPEND. NATIONAL SERVICE FOR YOUTH IS AN IMAGINATIVE IDEA THAT WARRANTS CAREFUL CONSIDERATION BY THIS COMMITTEE.

SEVERAL PROGRAMS EXIST IN THE NATION AND SPECIFICALLY IN NEW JERSEY WHICH ADDRESS THE GOAL OF SERVING THOSE YOUTH WITH THE GREATEST NEED:

- NEW JERSEY IS ONE OF THE TWO STATES CHOSEN TO PARTICIPATE IN THE NATIONAL DEMONSTRATION PROGRAM OF "SUPPORTED WORK" IN CONJUNCTION WITH FORD FOUNDATION. THIS MODEL PROVIDES A VEHICLE WHEREBY HARD-CORE UNEMPLOYED YOUTH CAN GAIN JOB EXPERIENCE IN A PROGRAM OF GRADUATED STRESS IN HIGHLY SUPPORTIVE WORK SITES. CURRENTLY THE ENTIRE MAINTENANCE OF THE TOLL BOOTH PLAZAS ALONG THE NEW JERSEY GARDEN STATE PARKWAY IS BEING PERFORMED BY "SUPPORTED WORK" PARTICIPANTS.

- NEW JERSEY IS ONE OF THE 60 JOB CORPS SITES IN THE UNITED STATES. JOB CORPS SEEKS TO IMPROVE THE EMPLOYABILITY OF YOUTHS BY REMOVING THEM FROM THEIR POVERTY BACKGROUND AND PUTTING THEM IN A SUPPORTIVE ENVIRONMENT TO ACQUIRE LIFE SKILLS, BASIC EDUCATION SKILLS, POSITIVE WORK HABITS AND ATTITUDES, AND JOB SKILLS. THE JOB CORPS CONCEPT IS AN IMPORTANT ALTERNATIVE TO YOUTH WHO REQUIRE SUCH DEVELOPMENT IN RESIDENTIAL FACILITIES, REMOVED FROM, BUT IN CLOSE PROXIMITY TO THEIR FAMILIES.

- TO ENSURE THAT NEW JERSEY IS FREE FROM STATUTES WHICH PERPETUATE SEXISM IN EMPLOYMENT AND TRAINING PROGRAMS I HAVE COMMISSIONED A PANEL TO REVIEW ALL OF THE NEW STATUTES TO IDENTIFY SEXISM AND RECOMMEND ACTION TO ELIMINATE SEX ROLE STEREOTYPING FROM THESE STATUTES.

II. TO IMPROVE LONG-TERM EMPLOYABILITY

OUR EDUCATION, EMPLOYMENT AND TRAINING RESOURCES SHOULD BE USED TO IMPROVE LONG-TERM EMPLOYABILITY AMONG YOUTH. THE CHALLENGE BEFORE US IN THE POLICY INTEGRATION AND PROGRAM COORDINATION OF THESE VAST RESOURCES IS TO GET BEYOND VAGUE NOTIONS AND UNCLEAR APPROACHES TO THE SCHOOL TO WORK TRANSITION. IT IS MY BELIEF THAT THE PLACE TO BEGIN IMPROVING THE LONG-TERM EMPLOYABILITY OF OUR YOUTH IS IN THE DESIGN OF A MORE COMPREHENSIVE AND FLEXIBLE TYPE OF WORK/CAREER PREPARATION PROGRAM: ONE WHICH INCLUDES STRUCTURED WORK EXPERIENCES AS PART OF THE FORMAL EDUCATION (SUCH AS COOPERATIVE EDUCATION AND WORK STUDY), A GREATER FOCUS ON PROVIDING STUDENTS WITH OCCUPATIONAL COUNSELING AND INFORMATION, AND GREATER PRIVATE SECTOR INVOLVEMENT IN THE PROVISION OF THE WORK EXPERIENCES, THE DESIGN OF VOCATIONAL TRAINING PROGRAMS AND THE DEVELOPMENT OF CAREER INFORMATION.

IN ADDITION, OPPORTUNITIES SHOULD BE PROVIDED FOR OUT-OF-SCHOOL YOUTH TO COMPLETE THEIR EDUCATION AND STRENGTHEN THEIR SELF-ESTEEM. GREATER RELIANCE SHOULD BE PLACED ON EDUCATIONAL FUNDING SOURCES TO PROVIDE INCENTIVES FOR YOUTHS TO REMAIN IN SCHOOL. GREATER EMPHASIS MUST BE PLACED ON THE IN-SERVICE TRAINING OF TEACHERS TO PREPARE THEM FOR THEIR EXPANDED RESPONSIBILITIES OF CAREER EDUCATION. PARENTS MUST BE GIVEN A GREATER ROLE IN PARTICIPATING MORE CLOSELY IN THE CAREER EDUCATION PROGRAMS FOR THEIR CHILDREN.

REACHING THE GOAL OF LONG-TERM EMPLOYABILITY OF YOUTH REQUIRES CHANGES IN OUR APPROACH TO EDUCATION AND TRAINING. AMONG THE SPECIFIC SUGGESTIONS I WOULD ASK THIS COMMITTEE TO CONSIDER IN FORMULATING A POLICY ARE:

- YOUTH EMPLOYMENT AND TRAINING RESOURCES SHOULD COMPLEMENT RATHER THAN SUBSTITUTE FOR ACADEMIC LEARNING.
- IN-SCHOOL YOUTH SHOULD BE EXPOSED TO AN EXPANDED SCHOOL CURRICULA CONCERNING EMPLOYMENT AND CAREER OPPORTUNITIES, INCLUDING ENTREPRENEURSHIP, AT AN EARLY AGE. IN ORDER TO DEVELOP A REALISTIC UNDERSTANDING AMONG YOUTH ABOUT THE WORLD OF WORK, THEIR EDUCATIONAL EXPERIENCE SHOULD INCLUDE LEARNING HOW ORGANIZED LABOR, BUSINESSES AND OTHER ELEMENTS OF THE LABOR MARKET FUNCTION.
- ALL YOUTH EMPLOYMENT PROGRAMS, INCLUDING SHORT TERM SUMMER JOBS, WORK EXPERIENCE OPPORTUNITIES FOR IN-SCHOOL YOUTH, TRAINING AND FULL TIME SUBSIDIZED EMPLOYMENT MUST BE DESIGNED TO ENSURE THE DEVELOPMENT AND REINFORCEMENT OF GOOD WORK HABITS AND PERSONAL SKILLS.
- ACCURATE LABOR MARKET PROJECTIONS OF SUPPLY AND DEMAND MUST BE THE BASIS FOR THE TECHNICAL AND SKILL TRAINING OF YOUTH. THE NATIONAL OCCUPATIONAL INFORMATION COORDINATING COMMITTEE, ESTABLISHED PURSUANT TO THE EDUCATION ACT OF 1965, AND CETA, BOTH AMENDED IN 1978, MANDATES THE DEVELOPMENT, BY FISCAL YEAR 1981, OF A

NATIONWIDE, AND STATEWIDE OCCUPATIONAL INFORMATION FORECASTING SYSTEM. THIS INFORMATION, WHICH WILL BE USED BY PLANNERS, LABOR MARKET INTERMEDIARIES, AND YOUTH THEMSELVES, WILL PROVIDE THE BASIS FOR SOUND CAREER PLANNING AND CAREER CHOICE. NEW JERSEY HAS STRENGTHENED THE INTENT OF NOICC THROUGH MY DESIGNATION OF OUR STATE OCCUPATIONAL INFORMATION COORDINATING COMMITTEE (SOICC) AS THE PRIMARY SOURCE OF OCCUPATIONAL INFORMATION. I HAVE FURTHER REQUIRED THAT BEFORE THE STATE BOARD OF EDUCATION, AND THE STATE BOARD OF HIGHER EDUCATION APPROVE A NEW EDUCATION CURRICULA, THAT THE LABOR MARKET FOR THE NEW PROGRAM BE EVALUATED BY THE SOICC.

III. TO PROMOTE THE CREATION OF NEW JOBS

THE GOAL OF FULL EMPLOYMENT CAN ONLY BE ACHIEVED WHEN WE HAVE A VIGOROUS, HEALTHY AND GROWING ECONOMY. THE SUCCESS OF OUR NATIONAL EMPLOYMENT POLIC AND WITHIN THIS FRAMEWORK, OUR YOUTH EMPLOYMENT POLICY WILL BE HIGHLY SENSITIVE TO THE FLUCTUATIONS OF OUR ECONOMIC CONDITIONS. SPECIFICALLY TARGETED PROGRAMS FOR THE YOUNG OR FOR ANY GROUP CANNOT BE EXPECTED TO CARRY THE WEIGHT OF BRINGING ORDER AND STABILITY TO THE LABOR MARKETS. WE MUST PUSH THE AMERICAN ECONOMY ON TO A NEW PLAN OF VIGOROUS, BUT STABLE, ECONOMIC GROWTH.

WITHIN THE FRAMEWORK DESIGNED TO ACHIEVE SUSTAINED ECONOMIC GROWTH, THE FEDERAL GOVERNMENT SHOULD DEVELOP A YOUTH EMPLOYMENT AND TRAINING STRATEGY WHICH FOSTERS THE CREATION OF PUBLIC AND PRIVATE JOB OPPORTUNITIES IN GROWTH AND POTENTIAL NEW MARKETS WHILE EXERCISING CARE NOT TO DISPLACE OUR EXISTING WORKFORCE. IN ORDER TO ACHIEVE THIS GOAL, IT IS NECESSARY THAT:

- YOUTH PROGRAMS MUST FOCUS ON SELF-SUSTAINING JOBS IN OCCUPATIONS WHERE THERE IS GROWTH POTENTIAL.
- OTHER STATE AND LOCAL DEVELOPMENT PROGRAMS MUST COMPLEMENT THE EMPLOYMENT AND TRAINING RESOURCES FOR YOUTH IN ORDER TO PROMOTE

THE GROWTH OF UNSUBSIDIZED, PERMANENT, PRIVATE AND PUBLIC-SECTOR JOBS.

- IN-SCHOOL, STUDENT RUN MODEL ENTERPRISES AND LOCALLY INITIATED YOUTH PROJECTS NEED TO BE ENCOURAGED.

AS A RESULT OF AN INTERAGENCY AGREEMENT BY THE COMMISSIONER OF LABOR AND INDUSTRY, THE COMMISSIONER OF EDUCATION AND THE CHANCELLOR OF HIGHER EDUCATION IN NEW JERSEY, WE WILL SHORTLY BE FUNDING A PROGRAM TO INCREASE THE EMPLOYABILITY OF DISADVANTAGED URBAN YOUTH IN THE EXPANSION OF OCCUPATIONAL OPPORTUNITIES RESULTING FROM THE ECONOMIC REVITALIZATION IN NEW BRUNSWICK. WHILE THE DETAILS OF THIS CREATIVE PROGRAM ARE BEING FINALIZED, THE PROGRAM JOINS THE RESOURCES OF THE LOCAL EDUCATION AGENCIES, THE COMMUNITY COLLEGE, THE PRIVATE NON-PROFIT COMMUNITY REDEVELOPMENT ORGANIZATION, THE CETA PRIME SPONSOR, A COMMUNITY BASED ORGANIZATION AND TWO MAJOR EMPLOYERS AND DIRECTS THEIR ACTIVITIES TOWARD ENSURING THAT BOTH IN SCHOOL AND OUT OF SCHOOL URBAN YOUTH WILL BE TRAINED IN OCCUPATIONS IN THE AREA'S RAPIDLY EXPANDING HEALTH AND PHARMACEUTICAL FIELD. THIS PROJECT IS AN EXAMPLE AS TO HOW YOUTH EMPLOYMENT AND TRAINING PROGRAMS CAN BE SUCCESSFULLY INTEGRATED WITH URBAN ECONOMIC DEVELOPMENT EFFORTS.

TO IMPROVE THE ACCESS OF YOUTH TO EMERGING AND EXPANDING EMPLOYMENT OPPORTUNITIES, THE DEPARTMENT OF LABOR AND INDUSTRY WHICH IN NEW JERSEY IS RESPONSIBLE FOR LABOR MARKET ANALYSIS AND ECONOMIC DEVELOPMENT, HAS INITIATED PARTNERSHIP WITH THE DEPARTMENT OF HIGHER EDUCATION COMMUNITY COLLEGE STRUCTURE A PROGRAM TO ASSESS THE FUTURE DEMANDS OF INDUSTRIES IN THE HIGH TECHNOLOGY AREAS. THE PROJECT WILL SOLICIT INFORMATION FROM THE CHIEF EXECUTIVE OFFICER AND CORPORATE PLANNERS OF MAJOR NEW JERSEY COMPANIES. THIS INFORMATION WILL BE USED TO PLAN EDUCATION, EMPLOYMENT AND OTHER TRAINING PROGRAMS IN OUR COMMUNITY COLLEGES. THROUGH THIS PROGRAM DISADVAN-

TAGED YOUTHS WILL BE ABLE TO TRAIN IN OCCUPATIONS WITH PROMISING FUTURES THEREBY IMPROVING THEIR ACCESS TO LONG-TERM, STABLE EMPLOYMENT.

IV. TO ENSURE THE COORDINATED USE OF RESOURCES

THROUGH THE STATE EMPLOYMENT AND TRAINING COUNCIL, THE BOARD OF EDUCATION AND THE BOARD OF HIGHER EDUCATION AND OTHER EDUCATIONAL AND ECONMOIC DEVELOPMENT ADVISORY COUNCILS AND COMMISSIONS THE STATE SHOULD PLAY AN ACTIVE LEADERSHIP ROLE IN COORDINATING THE EFFORTS OF INSTITUTIONS AND PROGRAMS OF ALL LEVELS RELATED TO YOUTH EMPLOYMENT AND TRAINING AND SHOULD PROMOTE STRONGER COOPERATION AMONG BUSINESS, LABOR, EDUCATIONAL INSTITUTIONS AND THE EMPLOYMENT AND TRAINING SYSTEM.

THERE SHOULD BE STRENGTHENING OF THE PRESENT EDUCATIONAL SYSTEM TO BETTER PREPARE YOUTH FOR THE LABOR MARKET. THE LACK OF STRONG BASIC SKILLS WHICH SEEM TO BE INADEQUATE IN MANY UNEMPLOYED YOUTH SHOULD BE ADDRESSED. EITHER THE EDUCATIONAL SYSTEM IS LACKING IN ITS EFFORT IN THIS AREA OR THE SCHOOL/HOME ENVIRONMENT IS SUCH THAT IT IS NOT CONDUCIVE TO THE LEARNING AND/OR GRASPING OF BASIC SKILLS. SCHOOL-TO-WORK TRANSITION EFFORTS SUPPLEMENTED BY A VOCATIONAL EXPLORATION PROGRAM SHOULD BE STRENGTHENED ESPECIALLY FOR STUDENTS NOT FURTHERING THEIR EDUCATION BEYOND HIGH SCHOOL. THESE PROGRAMS WOULD STRENGTHEN THE STUDENTS' BACKGROUND IN THE "WORLD-OF-WORK" AND GIVE THEM SOME EXPOSURE TO OCCUPATIONAL POSSIBILITIES THEY MAY WANT TO PURSUE. IN OUR REVIEW OF EDUCATION/MANPOWER EFFORTS WE SHOULD GIVE PRIORITY CONSIDERATION TO THE NEED FOR ADDITIONAL COMPENSATORY EDUCATION FUNDING WHICH WILL BETTER ENSURE THE ACQUISITION OF BASIC EDUCATIONAL SKILLS.

DESPITE THE FUNDING AND OTHER EFFORTS IN THE AREA OF PREVENTING HIGH SCHOOL DROPOUTS, THE PROBLEM STILL EXISTS WITH NO SIGN OF A NEAR TERM IMPROVEMENT. OUR CURRENT EFFORTS IN THE EDUCATIONAL SYSTEMS, THE EDUCATION/MANPOWER COOPERATIVE EFFORTS, AND OTHER PROGRAMS AIMED AT A SOLUTION, SHOULD BE RE-EXAMINED TO DETERMINE THEIR EFFECTIVENESS AND WORTH IN IMPROVING THE DROPOUT RATE.

A POLICY FOR DELEGATION OF RESPONSIBILITY FOR EDUCATIONAL AND TRAINING PROGRAMS NEEDS TO BE DEVELOPED AT THE FEDERAL, STATE AND LOCAL LEVELS, I WOULD RECOMMEND THAT THE MAIN THRUST OF THE CETA INITIATIVES BE AIMED AT PROVIDING TRAINING, WORK EXPERIENCE AND JOB PLACEMENT SERVICES TO OUT OF SCHOOL YOUTHS. THE EDUCATIONAL PROGRAMS SHOULD CONTINUE TO HAVE THE PRIMARY RESPONSIBILITY FOR EDUCATING IN-SCHOOL YOUTHS. THE GOVERNORS SHOULD CONTINUE TO HAVE A LEGISLATIVELY MANDATED ROLE IN DECIDING PRIORITIES, PROGRAM EMPHASIS AND TYPES OF DELIVERY SERVICES NEEDED TO SERVE ALL YOUTHS IN THEIR INDIVIDUAL STATES.

NEW JERSEY IS EXPERIMENTING WITH SEVERAL PROMISING INITIATIVES IN THE AREA OF COORDINATION. THE COMMUNITY SCHOOLS PROJECT IN ATLANTIC CITY, ELIZABETH AND NEW BRUNSWICK IS ONE EXAMPLE OF A HIGHLY SUCCESSFUL LINKAGE PROGRAM. SENATOR WILLIAMS HAS BEEN VERY INSTRUMENTAL IN ENCOURAGING THE STATE TO ESTABLISH THESE COMMUNITY SCHOOLS AND HAS MOVED THIS IDEA FROM A CONCEPT TO A REALITY.

THIS PROGRAM USES A SCHOOL BUILDING AND SHARES SPACE, RESOURCES AND PROGRAMS WITH PARENTS AND CONCERNED CITIZENS TO PROMOTE HIGHER ACADEMIC ACHIEVEMENT AND MEANINGFUL CAREER COUNSELING AS WELL AS GENERAL PROGRAMS OF INTEREST TO THE ENTIRE COMMUNITY.

ANOTHER EXAMPLE OF A COORDINATING EFFORT CAN BE OBSERVED IN SALEM COUNTY, NEW JERSEY. THE SALEM COUNTY LINKAGE PROGRAM EFFECTIVELY BRINGS TOGETHER THE RESOURCES OF THE AREA VOCATIONAL TECHNICAL SCHOOL, THE LOCAL COMMUNITY COLLEGE, LOCAL EDUCATION AGENCY, AND CETA PRIME SPONSORS TO DELIVER EMPLOYMENT AND TRAINING PROGRAMS TO YOUTH.

THESE ARE BUT TWO EXAMPLES WHICH DEMONSTRATE THAT WORKABLE AGREEMENTS ARE POSSIBLE AT THE STATE AND LOCAL LEVEL AND PORTRAYS THE STATE AS A POSITIVE, SUPPORTIVE AND COOPERATIVE PARTNER IN THE DELIVERY OF A NETWORK OF EDUCATION, EMPLOYMENT, TRAINING AND SUPPORTIVE SERVICES.

UNDER CETA TITLE II COORDINATION AND LINKAGE DEMONSTRATION PROJECTS, THERE EXISTS AN OPPORTUNITY TO ENCOURAGE NEW AND BETTER RELATIONSHIPS THROUGH THE SUPPORT OF JOINTLY DELIVERED PROGRAMS. FROM EFFORTS IN THIS AREA OF EDUCATIONAL/MANPOWER LINKAGES, NEW AND INNOVATIVE PROGRAMS COULD EVOLVE WHICH MAY SERVE AS MODELS WHICH MAY BE REPLICATED THROUGHOUT STATES AND AID IN THE GOAL OF REDUCING YOUTH UNEMPLOYMENT.

I WISH TO EXPRESS STRONG SUPPORT FOR THE NEW PROVISION OF CETA TITLE II WHICH PROVIDES GOVERNORS WITH SPECIAL FUNDS TO ENCOURAGE LINKAGES BETWEEN EDUCATION AND EMPLOYMENT AND TRAINING AGENCIES. UNDER THIS CETA TITLE, COORDINATION AND LINKAGE DEMONSTRATION PROJECTS HAVE BEEN ENCOURAGED AS A RESULT OF THE AVAILABILITY OF GOVERNORS TO OFFER FINANCIAL INCENTIVES TO CETA PRIME SPONSORS AND EDUCATION AGENCIES WHO WISH TO DEMONSTRATE THE VALUE OF JOINTLY PLANNED AND OPERATED PROGRAMS FOR YOUTH. THESE JOINT PROGRAMS, I BELIEVE, WILL BEGIN TO CLOSE THE GAPS BETWEEN THE TWO SYSTEMS AND ARE CRUCIAL TO THE EMPLOYMENT OF OUR YOUTH. I WOULD

RECOMMEND THAT SINCE THE EDUCATION SYSTEM AND CETA SERVE YOUTH, MANDATED LINKAGES SHOULD BE LEGISLATED FOR BOTH SYSTEMS. AT THE PRESENT TIME, ONLY CETA AND THE VOCATIONAL EDUCATION ACT CARRY SUCH A MANDATE. SIMILAR MANDATORY LINKAGES MUST BE WRITTEN INTO SUCH LAWS AS THE CAREER EDUCATION ACT AND THE HIGHER EDUCATION ACT. IT IS ALSO IMPERATIVE THAT THE PLANNING AND FUNDING CYCLES OF THE TWO SYSTEMS BE COORDINATED. WHILE MANDATED LINKAGES BETWEEN THESE TWO YOUTH-SERVING PROGRAMS CLEARLY WORK TO THE BENEFIT OF YOUTH, SUCH LINKAGES ARE OFTEN DIFFICULT TO EFFECT BECAUSE OF LACK OF SYNCHRONIZATION OF FUNDING CYCLES. IN ADDITION, LOCAL EDUCATION AGENCIES SHOULD RECEIVE INCENTIVE FUNDS THROUGH THE NEW SYSTEM TO FORGE APPROPRIATE LINKAGES WITH CETA PRIME SPONSORS. EMPLOYMENT AND TRAINING FUNDS SHOULD CONTINUE TO FLOW THROUGH DOL/CETA, SINCE CETA IS A TARGETED PROGRAM AND EDUCATION SYSTEMS ARE DESIGNED TO SERVE ALL YOUTH. THE FOCUS OF CETA FUNDS LINKED WITH EDUCATION SHOULD BE TO ENHANCE SUCH PROGRAMS AS SCHOOL-TO-WORK TRANSITION, SCHOOL-BASED APPRENTICESHIPS, AND COOPERATIVE EDUCATION.

ADMINISTRATIVE SYSTEMS MUST BE PUT IN PLACE THAT WOULD SIMPLIFY THE COORDINATION OF CETA YOUTH PROGRAMS WITH LEA PROGRAMS. WITH INCENTIVE FUNDS ON BOTH SIDES TO EFFECT APPROPRIATE LINKAGES, IT IS INCUMBENT UPON THE FEDERAL GOVERNMENT (AT BOTH THE REGIONAL AND THE NATIONAL LEVELS) TO ALLOW MAXIMUM ADMINISTRATIVE FLEXIBILITY, WITHIN THE CONTEXT OF MEETING CERTAIN MINIMUM CRITERIA, TO PRIME SPONSORS AND LEAs TO DEVELOP AND CARRY OUT LOCALLY AGREED-UPON PROGRAMS.

EDUCATORS THROUGHOUT THE COUNTRY HAVE IDENTIFIED THE UNCERTAINTY OF CETA FUNDING AND THE INCONSISTENT PLANNING CYCLES AND REPORTING MECHANISMS OF CETA AND EDUCATION PROGRAMS AS MAJOR IMPEDIMENTS TO COORDINATION BETWEEN THESE TWO SYSTEMS. I WOULD URGE THAT THIS COMMITTEE GIVE CONSIDERATION TO THE FORWARD FUNDING OF YOUTH EXPENDITURES UNDER CETA TO ENABLE COORDINATION WITH THE FORWARD FUNDING FLOW OF EDUCATION EXPENDITURES TO LOCAL SCHOOL AGENCIES.

IN ADDITION, THIS COMMITTEE SHOULD GIVE CONSIDERATION TO THE DEVELOPMENT OF CONSISTENT PLANNING CYCLES AND, TO THE MAXIMUM EXTENT POSSIBLE, CONSISTENCY IN ADMINISTRATING REGULATIONS GOVERNING ELIGIBILITY CRITERIA, PROGRAM PERFORMANCE AND REPORTING CYCLES.

SUFFICIENT LINKAGES BETWEEN THE TITLE VII PRIVATE SECTOR INITIATIVES PROGRAM (PSIP) AND CETA YOUTH PROGRAMS EXIST IN THE LEGISLATION AS PRESENTLY WRITTEN, BUT THE PSIP HAS NOT BEEN IN PLACE FOR A LONG ENOUGH PERIOD OF TIME TO ASSESS THESE MECHANISMS. I FEEL THAT MUCH NEEDS TO BE DONE TO IMPROVE THE IMAGE OF UNEMPLOYED, DISADVANTAGED YOUTH IN THE MINDS OF MEMBERS OF THE BUSINESS COMMUNITY, BUT AT THIS TIME I FEEL IT IS IMPORTANT TO LET THE EXISTING SYSTEM PROVE ITSELF, RATHER THAN TAMPER WITH THE LEGISLATION.

WE SUPPORT THE CONTINUATION OF THE SECRETARY'S DISCRETIONARY MONEY TO CARRY OUT NATIONAL RESEARCH EFFORTS IN SUCH AREAS AS WAGE SUBSIDIES AS INCENTIVES TO HIRE YOUTH, IMPROVEMENT OF PERFORMANCE MEASURES OF PROGRAMS, AND OTHER INNOVATIVE APPROACHES.

THE CHAIRMAN AND MEMBERS OF THIS COMMITTEE MAY BE INTERESTED TO KNOW THAT I PLAN TO CONVENE IN MY STATE THIS FALL A YOUTH EMPLOYMENT AND TRAINING POLICY TASK FORCE. THIS TASK FORCE WILL BE COMPRISED OF REPRESENTATIVES OF PRIVATE INDUSTRY, ORGANIZED LABOR, LOCAL COMMUNITIES, EDUCATIONAL INSTITUTIONS, GOVERNMENT, AND COMMUNITY-BASED ORGANIZATIONS, AS WELL AS YOUTH THEMSELVES. MY TASK FORCE WILL BE CONDUCTING A SERIES OF OPEN TOWN MEETINGS THROUGHOUT THE STATE IN AN EFFORT TO HEAR TESTIMONY FROM THE WIDEST CROSS-SECTION OF NEW JERSEY CITIZENS CONCERNED WITH JOBS AND TRAINING FOR OUR YOUTH. AS GOVERNOR I WILL TAKE THE LEAD IN ASSURING THAT THE YOUTH EMPLOYMENT AND TRAINING RESOURCES OF MY STATE FOLLOW THE POLICY DIRECTIONS RECOMMENDED TO ME. OUR SUCCESS, HOWEVER, WILL COME AT THE COMMUNITY LEVEL. THERE, THE SAME INTERESTED PEOPLE WHO CONCEIVED THE POLICY - THE YOUNG PEOPLE WHOSE FUTURE DEPENDS ON ITS SUCCESS, AND THE LEADERS FROM BUSINESS, LABOR, EDUCATION AND COMMUNITIES - MUST MAKE EVERY EFFORT TO ENSURE THAT IT WORKS.

THE DEVELOPMENT OF A STATE POLICY ON YOUTH EMPLOYMENT WILL BE CRITICAL IN ESTABLISHING A DIRECTION FOR HOW THE STATE CAN BEST UTILIZE ITS PRESENT RESOURCES TO CAUSE GREATER ACCESS TO EMPLOYMENT AND TRAINING OPPORTUNITIES FOR YOUTH. THESE RESOURCES INCLUDE:

- FUNDS AND STAFF ADMINISTERED BY SUCH STATE AGENCIES AS THE DEPARTMENT OF LABOR AND INDUSTRY, THE DEPARTMENT OF HUMAN SERVICES, AND THE DEPARTMENT OF CORRECTIONS;
- SERVICE DELIVERERS, INCLUDING LOCAL EDUCATIONAL AGENCIES AND OTHER INSTITUTIONS, ACADEMIC AND VOCATIONAL, THAT FALL UNDER THE AEGIS OF THE STATE BOARD OF EDUCATION AND THE STATE BOARD OF HIGHER EDUCATION;

- CETA PRIME SPONSORS; AND
- PUBLICLY-SUPPORTED PROGRAMS WITHIN PRIVATE UNIVERSITIES AND PROPRIETARY VOCATIONAL AND TECHNICAL SCHOOLS. THE ACTIVE PARTICIPATION AND STRONG SUPPORT OF ALL THESE INSTITUTIONS AND AGENCIES ARE ESSENTIAL TO MAKE THIS POLICY A REALITY.

I AM AWARE THAT ISSUANCE OF THIS POLICY IS ONLY A BEGINNING. ITS ADOPTION BY THE STATE EMPLOYMENT AND TRAINING COUNCIL, THE STATE BOARD OF EDUCATION, THE STATE BOARD OF HIGHER EDUCATION AND THE GOVERNOR SHOULD ENSURE THE BROAD IMPACT INTENDED IN ITS FORMULATION. THE COUNCIL AND THE BOARDS WILL NEXT DEVELOP AN ACTION PLAN TO CARRY OUT THESE POLICY RECOMMENDATIONS CONSISTENT WITH POLICY GOALS AND STATE AND FEDER LAWS AND REGULATIONS. THE POLICY'S IMPACT WILL BEGIN WITH THE FISCAL YEAR 1981 EMPLOYMENT, TRAINING AND EDUCATIONAL PROGRAMS.

IN CONCLUSION, I SUGGEST TO THIS COMMITTEE THAT WE MUST VIEW YOUTH EMPLOYMENT PROBLEMS IN THE BROADEST PERSPECTIVE. THE DEMOGRAPHIC CHANGES WHICH CREATED A GENERATION OF LABOR MARKET DISFUNCTIONS AND PLACED SERIOUS STRAINS ON OUR ECONOMIC, SOCIAL AND POLITICAL INSTITUTIONS WILL OCCUR AGAIN, CREATING NEW, PERHAPS DRAMATICALLY DIFFERENT DEMANDS IN THE DECADES AHEAD. AS THIS GENERATION OF YOUTH GROWS OLDER, WE, ALONG WITH OUR SONS AND DAUGHTERS, WILL BE FORCED TO DEAL WITH PROBLEMS OF HOUSING, HEALTH CARE, AND INCOME FOR RETIREMENT YEARS. THE CHALLENGE BEFORE US IS TO FORGE A FRAMEWORK OF BOLD AND CREATIVE NEW POLICIES WHICH WILL ENABLE US TO RESOLVE TODAY'S PROBLEMS AND DEVELOP THE CAPACI TO SHAPE THE OPPORTUNITIES OF OUR FUTURE.

The **Chairman**. Our procedure yesterday, and I suggest we do it again today, is to continue with your statements, each of you, and from there into a general discussion.

The next witness is Mr. Michael Timpane, Acting Director of the National Institute of Education, the principal Federal agency concerned with conducting educational research.

Mr. **Timpane**. I have submitted my prepared statement for the record. At this point, I would simply like to summarize some of my remarks.

The **Chairman**. Fine.

Your complete statement will be included in the record at the conclusion of the testimony of this panel.

Mr. **Timpane**. This panel and the others before us are experts in specific programs in vocational and higher education. Today, I would like to confine my remarks to the broad question of the relationship between education and employment and concentrate, to some extent, on the overall role of the secondary school.

I will touch on two topics, the role of education in preparing youth for the world of work and the implication of that role for schools. I will also touch on the nature of the youth employment problem and the need for effective collaboration between schools and communities in preparing youth for work.

Education must work in an increasingly coordinated way with many other institutions to improve youth's preparation for and transition to employment. Education cannot by itself, reduce the youth employment rate, make the overall education-training-employment system more rational, or solve the problems of the hardcore unemployed. However, it can and should be expected to contribute to the reduction of each of these problems.

The important thing is for the education system not to try to be all things to all people. It must concentrate on defining the aspects of the problem to which it can best respond and then carry on its relationships with the other agencies and institutions that have a role to play in the school-to-work transition.

What are the essential contributions that schools can make to the solution of our youth employment problems?

For younger inschool youths, the schools must first of all redouble their energies on the development of basic literacy skills. Whatever a young person's career aspirations might be, his or her skills in reading, writing, and mathematics will, in many ways, define career opportunities.

We believe that the development of literacy skills, broadly defined, is the job that schools can do best, and that it is the job that the labor market needs most from the schools. This is no simple problem. As students progress into secondary school years, literacy skills will be achieved only if the student sees a connection with his or her life plans and opportunities. Rote drills or simple remedial exercises become less and less effective; and the problems of motivation come to dominate the quest for literacy.

In addition, in order to enhance student prospects for employability, schools must concentrate on what have come to be called transferable skills. These are skills, abilities, and attitudes which people need in almost all jobs and occupational areas. Among the more important are such skills as problem solving, analyzing, decisionmaking, and evaluative thinking, along with such attitudinal qualities as diligence, flexibility, cooperativeness, and a sense of responsibility.

The importance of transferable skills is underscored by the pervasive fact of job change in the American work life—over 40 percent of those employed changed jobs between 1965 and 1970. It makes sense to concentrate on the skills, abilities, and attitudes common to many jobs, rather than on the differences in the tasks to be performed.

A third area in which schools should continue to expand their efforts is the development of work-study and work-experience programs. These programs can serve at least two broad purposes: (1) to provide students with an opportunity to explore one or more occupational worlds; and (2) to help them develop work habits, values, and attitudes necessary to progress in the labor market.

It may be unfashionable to mention the latter, but whenever employers are asked what it is they are looking for in entry-level workers, good work habits and basic literacy skills invariably top the list. From this perspective, then, the exact nature of the work experience provided by the school is not critical: the work can be paid or volunteer; private sector or public; short term or long. The critical factor is that it be educative, that it be closely linked to what is taught in the classroom, and that it be designed to broaden the student's understanding of the opportunities and requirements of the world of work.

Concerning the implications of these objectives for schooling, I believe that many of the existing developments in our secondary schools can be adapted and developed further to meet the objectives that I have already outlined. Let me cite a few of the developments currently underway:

One, the organizational changes such as the development of magnet schools, alternative schools, and smaller schools within the larger school; two, new programs that are experience-based-career education, cross-age tutoring, and a variety of community service projects; and three, the introduction of new learning techniques, such as action learning and various forms of independent study.

All of these developments and especially if they are organized around the objective of providing greater literacy, have the promise of improving the student's preparation for the world of work.

At the same time, there are several indications that improvements from the high school alone will not be sufficient. Too many students who never succeed in attaching themselves to the primary labor market "leave school", either physically or psychologically before the end of the junior high school years.

For these students, efforts to reach them in the high school will almost always be a case of "too little, too late", since the patterns and habits of failure that carry through from school to job have already been set by the time they reach the 9th or 10th grade.

Hence, the attention of educators and scholars has been drawn to the middle school years. Here too, our concerns for employability merge with broader educational issues.

Our assumptions and practices in the middle school years need reexamination. Students are simply maturing earlier, are vastly more experienced as a result of television and affluence, and they are undergoing extensive developmental changes in their manner of learning which we did not even know about a generation ago. At the same time, many junior high schools have lost the exploratory character originally assigned them in the scheme of the educational programs.

For many students, therefore, the middle school years are an educational wasteland from which they will never fully recover. No period of schooling has received less policy and research attention than these years, and it seems essential to me that we remedy that omission in the next several years.

Finally, Mr. Chairman, I would like to say a few words about the contribution which education might make to that most severe employment problem identified by so many of your witnesses, that of the disadvantaged students.

They are the youth, as I define it, who reach adulthood never having made it from the education stream through the training stream and on into the employment system.

We need a redoubled emphasis on the development of literacy skills, with the kind of focused attention on solving problems in the middle and higher years of schooling that we gave to the early years of schooling through such programs as Head Start, Follow Through, and title I.

This may well require the targeting of additional resources for compensatory education at the junior and senior high school levels—but compensatory education of this sort, compensatory education designed to link literacy skills to the young persons, hope for a productive adulthood.

I would say, Mr. Chairman, that the great difficulty at the secondary school level is the dominant role that motivation has come to play. So much of the research is that if by that age the student cannot see a purpose related to his or her future, the student will not learn.

A great challenge would be to link the skill development process to some sense of the student's own motivation and sense of a productive future.

We may also need to face the fact that alternative programs outside the educational mainstream may, for a long time, be required for many of those students who pass the age of 16 without having acquired either the basic or transferable skills necessary to function in the labor market.

Those students might be best served in structured work experience, having their basic education work specifically designed to give them the literacy tools they need to function effectively at the jobsite.

They can be delivered by a wide range of institutions—community colleges, postsecondary vocational schools, private industry, community-based organizations—but whatever the delivery agent such programs should lead the youngsters to either a high school diploma, or an equivalency certificate.

One such program that we believe to be highly promising is the career internship program, CIP started in Philadelphia by Rev. Leon Sullivan and his colleagues at Opportunities Industrialization Center, Inc. This program is an alternative high school for 16- to 21-year olds who have dropped out of high school or are in serious risk of dropping out before graduation. The program enables students to complete high school, acquire occupational knowledge, plan for a career, and improve basic reading and mathematics skills—in short, to facilitate the transition from high school to work or to further education.

Initial evaluation findings indicate a significant increase in the rates of high school completion, in reading and math scores, and in rates of employment or enrollment in college and technical schools.

We are now replicating that experience in four other cities to be sure that it is not just the miracle of living in Philadelphia which produced the effect, and whether or not it can be duplicated elsewhere with similar results.

The expansion of the career internship program is but one kind of alternative being supported under the Youth Employment Demonstration Project Act, (YEDPA). There are many other demonstration projects underway which will merit our consideration if we are to be effective in reaching these most-in-need students. The projects will, no doubt, be expensive. High ratios of adult to youth will be necessary and they may last longer than the typical manpower program which defines success in terms of the number of new job placements each month.

The alternatives to such programs, however, are much more expensive, especially when costs are measured in lost productivity to the society, in welfare or incarceration costs, and most importantly, in the individual human costs that joblessness exacts in this society.

Mr. Chairman, I appreciate the opportunity to participate on this panel this morning, and will be pleased to respond to your questions.

The CHAIRMAN. We thank you for your very helpful and excellent statement.

[The prepared statement of Mr. Timpane follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
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TESTIMONY OF

P. Michael Timpane
Acting Director

National Institute of Education

Before The

Senate Committee on Labor and Human Resources

October 24, 1979

Mr. Chairman, Members of the Committee, I am Michael Timpane, Acting Director of the National Institute of Education (NIE), the principal Federal agency concerned with conducting educational research.

I am pleased to have this opportunity to testify today on the role of education in preparing youth for entry into the labor market. This distinguished Committee has enacted legislation which has made fundamental contributions to the improvement of education in our society, and this series of oversight hearings should help delineate the problems we might anticipate in youth employment in the near future.

This panel is comprised of witnesses who are expert in the contributions of specific programs in vocational and higher education in preparing young people for work. I would therefore, like to confine my remarks to the broad question of the relationship between education and employment and, more particularly, to the general role of the secondary school.

In doing so, I want to touch on several topics:

- the nature of the youth employment problem;
- the role of education in preparing youth for the world of work;
- the implications of that role for schools; and
- effective collaboration between schools and communities in preparing youth for work.

Problem of Youth Employment

Mr. Chairman, a generation ago we expected youth to leave school upon receiving a diploma, or earlier, and to begin full-time employment. Today that picture has changed--unprecedentedly large numbers of youth move in and out of the labor market through their 'teens and early twenties, often alternating or mixing schooling and work. By age 25 over 90% of these young people have been productively absorbed into the primary economy.

Within this pattern of transition, however, there are youths experiencing special difficulty--young people who suffer long spells of unemployment and young people who arrive at their mid-twenties without any strong connection to the economy.

Who are these young people experiencing the greatest difficulty in employment as they move into adulthood? The data indicate that they are disproportionately minorities, poor, high school dropouts or women.

- Bureau of Labor Statistics reports indicate that Black unemployment rates for 22-24 year olds in 1978 were 20% for males and 21.3% for females -- compared to rates for whites of 7.6% and 8.3%, respectively;
- 25 and 26 year old women have an hourly wage rate less than two-thirds that of men ($3.84 to $6.31);
- young men from poor families have significantly lower annual earnings than other men ($9,002 compared to $11,509);
- young female high school dropouts earn significantly less than other young women ($3,802 to $5,852).

Moreover, recent analyses by the Department of Labor of young people who are out of work for 15 weeks or more show a similar pattern of concentrated unemployment among a small proportion of young workers.

- 7% of young white women, those unemployed for 15 weeks or more, account for 65% of the weeks lost by all young white females together;
- 18% of young Black women, also those unemployed for over 15 weeks, account for 77% of the weeks lost by that group of women;
- 11% of young white males similarly account for 70% of the weeks lost; and
- 21% of young black males who are long-term unemployed account for 82% of the weeks lost.

We can expect that many of these young people will be out of the labor market, continually unemployed or underemployed, as adults.

These statistics say to me that we should examine the problem of youth employment at two levels: (1) improving the preparation for and transition to work for all young people; and (2) devising effective assistance for those particular sets of young people who are experiencing great difficulty in achieving a productive adulthood.

The Role of Education

Mr. Chairman, the needs of our young people are diverse and no single system or set of institutions should be expected to serve all of those needs. We should expect some duplication and overlap as the price we pay for our belief in diversity, decentralization, and choice. And yet we can and should achieve a much higher degree of coordination between the various institutions and agencies that have a role to play in helping young people negotiate the transition from school to work.

One way to begin is to ask what each institution can do best, and then to design an overall education and training system in which each institution's role is clearly established, resources are targeted to each institution to carry out its assigned functions, and joint planning and accountability mechanisms are set in place.

Education cannot, by itself, reduce the youth employment rate, make the overall education-training-employment system more rational, or solve the problems of the hard-core unemployed. However, it can and should be expected to contribute to the reduction of each of these problems.

The important thing is for the education system not to try to be all things to all people. It must concentrate on defining the aspects of the problem to which it can best respond and on strengthening its working relationships with the other agencies and institutions that have a role to play in the school-to-work transition.

In this regard, I think it helps to make two distinctions:

(1) Between training and education. We might think of training as preparation for specific jobs and occupations. Education, on the other hand, involves providing students with knowledge, skills, values, and attitudes useful in a variety of work and non-work situations. In this sense, non-occupational education can have high occupational value even though it is not oriented toward preparing young people for specific jobs.

Our schools have responsibilities in both the training and educational areas. Indeed, as you may know, NIE is now in the midst of a major study of the Federal programs in vocational education, which have long sought to respond to the education and training needs of millions.

(2) Between the various age groups that make up the youth population, as well as their school status. Clearly the needs of a 16 year old student attending high school whose main problem is a 5th grade reading level are very different from the needs of a 19 year old dropout with two children to raise. A range of programs and approaches will be needed to respond to differences in age, school status, employment history, and family circumstances.

With these two distinctions in mind, I want to concentrate my remarks upon the essential educational contribution schools can make to the solution of our youth employment problems. Others on the panel will speak about the specific role of vocational education programs in preparing youth for work.

For younger in-school youth, schools must, first of all, redouble their energies on the development of basic literacy skills. Whatever a young person's career aspirations might be, his or her skills in reading, writing, and mathematics in many ways define career opportunities.

As my predecessor, Patricia Graham, testified before the Subcommittee on Education, Arts and Humanities last spring, the record of American schools in this regard, especially when looked at from a comparative international perspective, is by no means discouraging. We believe that the development of literacy skills, broadly defined, is the job that the schools can do best, and that it is the job that the labor market needs most from the schools. And this is no simple problem. As students progress into secondary school years, literacy skills will be achieved only if the student sees a connection with his/her life plans and opportunities. Rote drills or simple remedial exercises become less and less appropriate and effective; and the problems of motivation come to dominate the quest for literacy.

That is one reason why the National Institute of Education has defined literacy as one of the two major themes guiding our work in Fiscal 1980, and we believe that we can contribute substantially to the improvement of educational practice in this area.

In addition, in order to enhance student prospects for employability, schools must concentrate on what have come to be called "transferable" skills. These are skills, abilities, and attitudes which people need in almost all jobs and occupational areas. Among the more important are such skills as problem solving, analyzing, decision-making, and evaluative thinking, along with such attitudinal qualities as diligence, flexibility, cooperativeness, and a sense of responsibility.

The importance of transferable skills is underscored by the pervasive fact of job change in the American work life--over 40% of those employed changed jobs between 1965 and 1970. It makes sense to concentrate on the skills, abilities, and attitudes common to many jobs, rather than on the differences in the tasks to be performed.

A third area in which schools should continue to expand their efforts is the development of work-study and work-experience programs. These programs can serve at least two broad purposes: (1) to provide students with an opportunity to explore one or more occupational worlds; and (2) to help them develop work habits, values, and attitudes necessary to progress in the labor market.

It may be unfashionable to mention the latter, but whenever employers are asked what it is they are looking for in entry-level workers, good work habits and basic literacy skills invariably top the list. From this perspective, then, the exact nature of the work experience provided by the school is not critical: the work can be paid or volunteer;

private sector or public; short term or long. The critical factor is that it be educative, that it be closely linked to what is taught in the classroom, and that it be designed to broaden the student's understanding of the opportunities and requirements of the world of work.

These three elements--the development of literacy skills, transferable skills, and the expansion of work experience--constitute that portion of the preparation for employment which school systems should emphasize. This does not mean that other institutions need not worry about basic skills instruction; nor does it mean that the schools should concentrate solely on these three tasks. Clearly the schools should provide opportunities for career awareness and exploration as well as appropriate vocational education. But the above-mentioned three elements -- and most especially the development of literacy skills -- are the employability-related tasks on which the schools must take the lead role, whereas the other pieces of the school-to-work transition require an active partnership with other institutions in the larger education-training-employment system.

School Implications

Quite obviously these tasks carry implications for the manner in which our schools go about their work.

Indeed, these implications fit quite nicely with some of the developments we are now witnessing in our secondary schools--developments designed to deal with some of the broadest questions of the place of youth in our society, such as student alienation and extended separation from many important societal functions, including the work place.

Although youth employability has not been the principal motivation for the introduction of these changes, it is the case that they encourage the kinds of skills and attitudes I have been discussing. Let me cite just a few of the developments now underway in our secondary schools:

- o organizational change, such as the development of magnet schools, alternative schools, and smaller schools within the larger school;
- o new programs, such as experience-based-career education, cross-age tutoring, and a variety of community service projects; and
- o the introduction of new learning techniques, such as action learning and various forms of independent study.

I believe that our new challenge is to infuse these more flexible educational processes with a substantive core of functional literacy skills that the students will know they need to achieve their practical ambitions.

At the same time, there are several indications that improvements in the high school alone will not be sufficient. Too many students who never succeed in attaching themselves to the primary labor market "leave school," either physically or psychologically, before the end of the junior high school years.

For these students, efforts to reach them in the high school will almost always be a case of "too little, too late," since the patterns and habits of failure that carry through from school to job have already been set by the time they reach 9th or 10th grade.

Hence, the attention of educators and scholars has been drawn to the middle school years. Here too, our concerns for employability merge with broader educational issues.

Our assumptions and practices in the middle school years need reexamination. Students are simply maturing earlier, are vastly more experienced as a result of television and affluence, and are undergoing extensive developmental changes in their manner of learning which we did not even know about a generation ago. At the same time many junior high schools have lost the exploratory character originally assigned them in the scheme of educational programs.

For many students, therefore, the middle school years are an educational wasteland from which they never full recover. No period of schooling has received less policy and research attention than these years, and it seems essential to me that we remedy that omission in the next several years.

School-Community Collaboration

Increased work-study opportunities and changes in school organization lead inevitably to greater school involvement with the community. That appears to me to be good in and of itself; it is, moreover, essential if we are to integrate school efforts with training programs funded under CETA and private auspices.

Such integration can help us address a second issue which I cited at the outset: namely, the coordination of efforts by the various public and private organizations concerned with youth employment.

Fortunately, we are beginning to develop some promising models of institutional cooperation and collaboration that represent a move toward the creation of a more coherent education-training-employment system.

The Education-Work Councils proposed by Willard Wirtz and his colleagues at the National Manpower Institute are now being tested at thirty-three sites across the country under NIE auspices. These councils represent a forum in which all the key actors in the transition process--school people, manpower officials, private agency representatives, trade union leaders, and employers--come together to share information, do joint planning, and generally attempt to insure that the various institutions with a role to play are working harmoniously, and not at cross purposes.

A second promising development related to the Education-Work Council concept is the creation of the private industry councils mandated by the Private Sector Initiative Program, Title VII of CETA. These councils are too new to enable us to make even the most preliminary judgment about their potential effectiveness, but the concept of providing a coordinating mechanism at the local level in which the private sector employers will have the major voice cannot help but strengthen the private sector's connection to the education and training enterprise.

Our optimism about the promise of these new models of joint planning should be tempered, however, by the realization of the difficulties involved in melding the huge and disparate worlds of schooling and the private sector.

Nevertheless, as part of a coherent strategy at the local level, I believe that both kinds of councils can contribute to the reduction of program duplication and overlap and to improving the match between the education and training programs offered in the public sector and the needs of the local labor market.

Most Severe Employment Problems

Finally, let me return to the problems of those about whom I believe we should be most concerned: youth who reach their mid-twenties never having made it from the education stream through the training stream and on into the employment system.

For these young people, we clearly need much more than better coordination between institutions. We need a redoubled emphasis on the development of literacy skills, with the kind of focused attention on solving the basic skills problems of students in the middle and higher years of schooling that we gave to the early years of schooling through such programs as Headstart, Follow-Through and Title I. This may well require the targeting of additional resources for compensatory education at the junior and senior high school levels--but compensatory education of a new sort, designed to link literacy skills to the young person's hopes for a productive adulthood.

We also need to face the fact that alternative programs outside the educational mainstream may be required for many of those students who pass the age of sixteen without having acquired either the basic or transferable skills necessary to function in the labor market.

These students might best be served in structured work experience or on-the-job training programs, having their basic education work specifically designed to give them the literacy tools they need to function effectively at the job site. Such educational programs can be delivered by a wide range of institutions--community colleges, post-secondary vocational schools, private industry, community-based organizations--but whatever the delivery agent, such programs should lead youngsters either to a high school diploma or to an equivalency certificate.

One such program that we believe to be highly promising is the Career Internship Program (CIP) started in Philadelphia by Rev. Leon Sullivan and his colleagues at Opportunities Industrialization Center, Inc. This program is an alternative high school for 16 to 21 year olds who have dropped out of high school or are in serious risk of dropping out before graduation. The program enables students to complete high school, acquire occupational knowledge, plan for a career, and improve basic reading and mathematics skills -- in short, to facilitate the transition from high school to work or to further education.

Initial evaluation findings indicate a significant increase in the rates of high school completion, in reading and math scores, and in rates of employment or enrollment in college and technical schools. This program has proved to be so successful in Philadelphia that the Department of Labor has now transferred funds to the National Institute of Education to support the replication of this program in four additional cities in order to ascertain what made the program so successful in Philadelphia and whether or not in can be duplicated elsewhere with similar results.

The expansion of the Career Internship Program is but one kind of alternative being supported under the Youth Employment Demonstration Projects Act. Other projects have been initiated by private industry, such as Control Data Corporation's Fair Break Program in Minneapolis, or Rockwell's Adoptive School Program in Pittsburgh.

Some have been initiated by private non-profit corporations, such as the programs run in New York and Boston by Jobs for Youth, Inc., or the Open Road Programs in California and Connecticut created by the Citizens Policy Center.

Other successful alternative programs have been sponsored by national organizations like SER - Jobs for Progress, Inc. or by community-based organizations like the Watts Labor Community Action Committee. Still others have been the joint creation of local school systems and CETA prime sponsors, such as the Harbor City Learning Program in Baltimore.

These programs are a rich set of imaginative trials. They and many others like them need to be closely evaluated and, where demonstrably effective, to be expanded and replicated.

If they are to be effective in reaching those most in need, no doubt they will be expensive. They will require high ratios of adults to youth, and some may need to last much longer than the typical manpower program which defines success in terms of the number of new job placements each month. The alternatives to such programs, however, are much more expensive, especially when costs are measured in lost productivity to the society, in welfare or incarceration costs, and, most importantly, in the individual human costs that joblessness exacts in this society.

Mr. Chairman, I appreciate the opportunity to participate on this panel, and will be pleased to respond to any questions you might have.

Mr. **Chairman**. We move now to Dr. Gordon Swanson, associate professor of the University of Minnesota.

Professor, please proceed.

Dr. **Swanson**. Mr. Chairman, and members of the committee, my comments will be oriented toward youth and work as well as the transition from school to work. They will cover the following points:

First, a brief review of vocational education; second, some observations about the need to match policies with the problems; third, some recommendations on a redefined Federal role; fourth, some observations about some specific legislative needs and, finally, some observations about what the Congress should not legislate. I am going to elaborate on my prepared statement and give a summary of it.

First, a brief view of vocational education and what it is.

I begin by referring only to the permanent structures in the educational system. I will mix courage with wisdom to tell you there is some good news about the system. Indeed, it is not all, as often reported, bad. Indeed, schools are still generating a great deal of local initiative, commitment, and voluntary behavior including some occasional bake sales and car washes to generate money.

First, vocational education is a highly decentralized operation. Its program initiatives originate at local levels and its financing also originates largely at the local level. Its integration within the educational system makes possible the opportunities to maximize freedoms of choice and to move rapidly toward other guarantees of freedom.

How successful are programs of vocational education? Success is always determined by the nature of yardsticks used for its measurement. If success is measured by ballot-box votes of local citizens to invest their own resources (whether collected by local, State, or Federal tax collectors) in vocational education, it is enormously successful. If measured by public opinion polls such as the Gallop poll, it is also very successful. If measured by the placement or success patterns of completers, it is very successful.

However, there is some news that is not quite so good; namely, the high and growing dropout rate.

This morning you heard from Alice Revilin that, in New York City, the dropout rate is 55 percent. In many States, it ranges between 25 and 30 percent. These high dropout rates are a serious problem. It is a problem which needs addressing; but the main problem is how to deal with the incentives for the growing high dropout rate.

Are there incentives to encourage it? Vocational education does not always fit in comfortably within the school setting. School graduate students in June, which is not the best time to enter the employment market. Vocational education is extremely difficult to finance. Most educational programs are based on headcount (average daily attendance or average daily membership) while vocational education programs should be financed on some basis of program cost, as well as number of individual members. Let me move to the issues involved in matching policies with problems.

First, Federal programs acting alone, whether they are CETA or YEDPA or whatever they are, cannot do the entire job. They need a decentralized framework which was emphasized yesterday by Willard Wirtz, but they also need a permanent structure. If a community council is created, they need some convening authority; and it would be preferable to have the convening authority within the permanent structure. It is the Government structure which remains when the Federal projects are terminated.

Second, the use of a decentralized structure, whether permanent or temporary, has not worked well by using Federal policies alone. There is need for local, State, and Federal collaboration in policy development and I hope, Mr. Chairman, we can get away from the use of the words "coordination" and "linkages". What we need is collaboration. Institutions need the most strengthening in their quality dimensions and certainly in ways that will allow incentives for reducing the dropout rate.

Third, there is need for some readdressing of what I refer to as the fail policy. The fail policy is the policy of creating dumping grounds for both problems and people. These can be central dumping grounds like an involuntary youth service, or there can be other dumping grounds, like the Job Corps. This is, indeed, a dumping ground. I am not criticizing the internal operations of the Job Corps. I am criticizing the system of incentives which result in getting individuals transferred into the Job Corps.

Maybe it should be called successful, at least in serving as an outlet for the school's casualties. Certainly it is successful in getting Federal revenues returned to local levels. It is very effective as a system of discrimination. It is federally authorized discrimination; it allows for the creation of dumping grounds and it invites local schools to get rid of their problems, putting them onto another level of government as well as into another institution.

Let me move now to the need for a redefinition of the Federal role in education and training. Before I talk about a Federal role, let me mention the trend lines in the Federal role. If one looks at the Federal role in either manpower programs or vocational training programs over the last 20 years, one finds a shift in emphasis from ends to means, an expansion of control-oriented definitions, a rapid expansion of federally legislated educational methodology, and increased rigidity in the patterns of formula-oriented funding.

How should the Federal role be redefined? I would like to propose three ways.

I would like to see the Federal Government encourage every State legislature to accept its own constitutional responsibility to authorize and to appropriate resources for vocational education and other training programs. I would like to see the Federal Government encourage State governments to accept this responsibility which is universally claimed as a State constitutional responsibility. One would think that this would be axiomatic. Yet very few States have addressed it in State legislation.

Second, I would like to see Federal legislation establish purposes not to assist the States, but to cooperate with them. I believe part of the success, the enormous success, of the Agricultural Extension Service is that it has a cooperative relationship with the Federal Government and not an assistance relationship.

Third, I think it would be well to provide a Federal guarantee to every citizen giving them a right to training for entering and advancing in the work force. If the Humphrey-Hawkins legislation is good for the Nation, then the right to training and retraining is important for the Nation as well. It would provide for an individual role and guarantee the opportunity.

With respect to the whole domain of education and training for the transition from school to work there are some additional needs. I will mention a few.

INSTRUCTOR TRAINING

One cannot deny that instructor training or that the training of trainers is important. In CETA, there are no allocations for this important work. The expenditures in vocational education for instructor training are nine-tenths of 1 percent annual overall expenditures. It is so meager that one cannot expect very much quality nor is it possible to a sustain the quality which already exists.

INQUIRY AND EXPERIMENTATION

There should be a stronger orientation to inquiry and experimentation. The total expenditures for research in vocational education are three-tenths of 1 percent of overall annual expenditures. It is not enough to conduct sizable experiments or any critical assessments or much testing of promising alternatives. Yesterday, Dr. Wirtz was asked what kinds of experiments were going on. It was difficult for him to answer, there aren't many going on. We are underinvested in such activities. Our investment in inquiry and experimentation is negligible.

LEADERSHIP DEVELOPMENT

The contrast between the investment in leadership development for vocational education and other areas of the Federal interest is striking. Let me illustrate. In the U.S. Department of Agriculture, there is a graduate school, and there are many forms of training at the higher education level for leadership development. In the Defense Department there are military academies. There are a number of similar kinds of investments in health sciences for advanced leadership development.

But there has been no direct Federal encouragement to universities to deal with the lower end of America's occupational structure since the Land Grant Act of 1862, over 100 years ago. Universities are not encouraged to deal with the problems of the occupational structure as it relates to the transfer from school to work, nor very significally with employment problems. Very few inquiries are under way except for a few industrial relations departments. Most of them have little or no Federal support.

FUNDING FORMULA

Another legislative need is to remove the inflexibility of funding formulas which now exist, such as the set-aside funding and the matching provisions in vocational education. Matching provisions are no longer an incentive for local jurisdictions. They have long been overmatching the Federal appropriations nor are there any incentives for the matching principle now including vocational education legislation. It is now desirable to consider separate authorizations and appropriations for the needs formerly dealt with through set-asides.

Let me mention some things, finally, which I believe should not be legislated at the Federal level. Educational methodology should not be legislated. There are many problems with the legislating of educational methodology. Compliance too easily becomes compliance with the methodology. More needed is the stimulation of creativity to use whatever methods will work and in whatever proportions they will work, a condition not encouraged by legislated methodology.

The legislation of educational methodology tends to create whole cadres of new specialists—work-study coordinators, cooperative education coordinators, placement coordinators, and it also creates a rapid increase in the number of administrative functions, a consequence of the need for methodological compliance.

Further, the Federal Government should not legislate the establishment dumping grounds for system rejects—temporary structures for absorbing the casualties of local, permanent, educational institutions. Most of all it should not faster incentives for communities to develop them—Federal grants—individuals to enter them—stipends—or schools to appreciate them, by ignoring the dropout problem. I reiterate, this is the most effective, albeit subtle, form of discrimination.

Finally, I think it would be well for Federal legislation to work hard at avoiding the prescriptive nature of definitions which erode the ability of either local or State jurisdictions to continue the programs which they are already attempting to operate.

Thank you very much, Mr. Chairman.

[The prepared statement of Dr. Swanson follows:]

TESTIMONY BEFORE THE SENATE
COMMITTEE ON LABOR AND HUMAN RESOURCES

October 23, 1979

Gordon I. Swanson

University of Minnesota

With great pleasure, I accept the invitation to offer some views to this Committee. I am particularly pleased with the dual focus of these hearings, a focus on policy development on one hand and a focus on a future orientation on the other. These are the foci which, I believe, should characterize any legislation which emerges from these hearings.

While my comments will be oriented toward youth and work as well as the transition from school to work, they will highlight five main themes: (1) A brief and critical review of Vocational Education, (2) The need to match policies with the problems, (3) The need to rethink and redefine the federal role, (4) Some problems requiring special legislative attention and, (5) Some views about what should not be addressed in federal legislation.

A Brief View of Vocational Education

I begin with a brief view of vocational education. Its most important characteristic is its location as a part of the nation's educational system. Such a location has some distinct advantages.

First, it is a highly decentralized system. Its program initiatives originate at local levels and its financing also originates largely at the local levels.

Its location within the eudcational system makes possible the opportunities to maximize freedoms of choice and to move rapidly toward other guarantees of freedom.

The importance of local contributions to the financing of vocational education should be continually reemphasized. In doing so, it is also important to abandon the illusion that state funding has overmatched federal funding by the reported ratios of eight or nine to one. State funding has not consistently overmatched federal funding. On the other hand, local funding has consistently overmatched either state or federal contributions to the financial support of vocational education.

How successful are programs of vocational education? Success is always determined by the nature of yardsticks used in its measurement. If success is measured by the ballot box votes of local citizens to invest their own resources (whether collected by local, state, or federal tax collectors) in vocational education, it is enormously successful. If measured by public opinion polls such as the Gallup Poll, it is also very successful. If measured by the placement or success patterns of completers, it is similarly successful.

But there are other yardsticks to use and there are also some distinct disadvantages in the location of vocational education within the educational system. Some of the difficulty in applying measures of outcomes is its complete lack of homogeneity. Many of the problems of vocational education occur because of the efforts to deal with it as if it were homogeneous. It lacks homogeneity with respect to program purpose, methodology employed, age of student and in the type of institutional arrangement providing it. The inter-state variations are extensive but the intra-state variations are even greater. Even within a single subject area (i.e., agriculture, technical education, etc.), generalizations are very risky. Its virtues, therefore, are also its difficulties.

But there are other disadvantages of vocational education being located in the general system of education. In almost every state, the costs of education are budgeted on some "per student (average daily attendance or average daily membership) basis". The costs of vocational programs are ordinarily a series of fixed costs which are relatively independent of the number of students. Unlike other educational programs, the costs of vocational education are likely to go up or down with the nature and number of programs rather than with the number of students.

Such difficulties have led to vocational education deficiencies in urban centers and also in rural areas. It has also led to situations in which vocational education is very incomplete with respect to some fields or for some age groups. It has also led to programs which are very inflexible where availability is a claim not always borne out by reality.

A serious disadvantage in many states is that there is no State Board of Vocational Education which gives all or even much of its attention to vocational education. It is often seen as a function to be accommodated, if convenient, within the framework of prior claims. A frequent consequence is that vocational education programs are bounded by norms, forms or regulations designed for non-vocational type programs.

In spite of its sometimes uncertain connection to the educational system, the American public has clearly opted for institutional forms of vocational education and training. These forms are essential to the American interpretation of egalitarianism, opportunity and citizen control of the development of human resources. Yet much needs to be done to match policies with the problems.

Matching Policies with Problems

Enough experience has now been acquired in such activities as YEDPA, CETA and Vocational Education to observe the need for a closer match between policies and problems. A few of these will be highlighted.

1. A most obvious problem involves the almost unanimous conclusion that federal programs acting alone can never do enough to solve either the employment or the unemployment difficulties of all Americans. Local and state resources which include existing staff, facilities and training programs can be mobilized and activated to occupy a prominent position in dealing with such problems. But policies are inadequate and incomplete if they merely invite a series of ad hoc exercises known by such lofty terms as "coordination" or "linkages". Such exercises are episodic, temporary, project-oriented excursions which attempt to patch up the problems which develop in the absence of genuine collaboration with local and state institutions.
2. A second problem is the need to reexamine and to plan all vocational education, training and employment programs and services within a policy framework of federal/state/local collaboration. It is the only way to insure that the incentives provided by temporary federal projects do not act as disincentives for permanently planned local programs.

To operate federal education and training programs at local levels without collaboration with local educational institutions is to deny that leadership is possible at the federal level and also to defy the existence of elected leadership among local citizens.

3. A third problem involves the need to strengthen existing programs of vocational training within the educational systems. There are numerous ways of providing added strength. A crucial step involves a reduction in the flow of drop-outs from the educational system or an active program to reinvolve early leavers in effective programs of employment training.

   The overall drop-out rate from the educational system now exceeds twenty-five percent. All programs have high drop-out rates including CETA activities, apprenticeship programs and military programs. To a considerable degree, all programs are selective and all programs produce casualties. What are the policies which influence these high drop-out rates? Are there incentives, implicit or explicit, which encourage institutions and agencies to ignore high drop-out rates? Are there incentives which encourage individuals to drop out from education and training programs? Why of course! Both types of incentives operate, but they are guided by policies which operate independently of each other. It is a complex of problems needing coordinated, rather than independent policies.

4. A fourth problem may be described as the "fail" policy of vocational education and training. In every program employing federal funds for vocational education or training, the

demonstration of failure (high unemployment, high incidence of disadvantage, etc.) returns more federally collected revenues to local jurisdictions than do demonstrations of success. Jurisdictions which endeavor to be resourceful and self-sufficient are discouraged, therefore, from expecting to use more than local or state levied taxes to maintain this self-sufficiency. A policy to reward success as well as failure would involve federal incentive awards to local jurisdictions.

Matching policies with problems requires a deliberate effort, therefore, to address education and training questions at the policy level before any attempt is made to address them at the program level. But merely starting at the policy level is not enough unless it is also recognized that the establishment of policies for education or training is not the exclusive domain of any level of government.

Rethinking and Redefining the Federal Role

The mismatch in the goal structure of vocational education and training programs which differentiates the local level on one hand, and the federal level on the other has led to obvious disjunctures. Federal allocations have covered a declining proportion of the costs and a rising proportion of the program requirements. Many of the local program requirements are responses to federally, or at least remotely, estimated needs. The indirect costs of adhering to these requirements are borne almost entirely at the local level. The need for a redefinition of the federal role is increasingly apparent.

As one examines federal vocational education legislation for the past twenty years, the following trends are easily seen:

(a) A shift in emphasis from ends to means,

(b) A rapidly expanding list of control-oriented definitions,

(c) A rapid expansion of federally legislated educational methodology,

(d) Increased rigidity in the patterns of formula-oriented funding, and

(e) A rapid growth in the need for administrative personnel.

These trends have very little to contribute to increasing the quality, scope or availability of vocational education programs. What, then, are some appropriately redefined roles of the federal level in relation to other levels?

1. First, the federal government can encourage every state legislature to accept its own constitutional responsibility to authorize and to appropriate resources for vocational education. One might think that such action would be axiomatic. Yet there are many states which have not officially accepted this responsibility. It is a step which can assure a cooperative relationship between state and federal interests in vocational education and it can redress the trend lines which have become evident in federal legislation.
2. Second, the federal purposes of vocational education legislation should be redefined as one of "cooperating" with state and local levels rather than as described in current law -- to "assist" states. What appears, thus, as a minor change of language is a very major change in the status of the relationship among the levels of governance. Cooperation as a purpose can lead to mutual relationships

among levels of governance rather than the unilateral relationships which are common to programs of "assistance".

3. Third, the federal level can guarantee (subject to cooperative concurrence by other levels) that every citizen has a right to the opportunity to engage in training for both entry and advancement in the work force. This is a guarantee which is given to citizens in a number of other western industrialized democracies, but it is still not a guarantee of American citizenship. Our nation is still more active in responding to unemployment problems with unemployment legislation than it is to employment problems with employment legislation. It should be a function of the federal level to provide such a guarantee and it should be as important, indeed a corollary, of the right to vote.

Some Problems Requiring Special Legislative Attention

In addition to a redefinition of the federal role, federal legislation is needed to address a number of special problems because of (a) their importance to the public interest, because (b) state and local governments cannot be expected to address them or (c) because state governments and local jurisdictions have consistently ignored, overlooked, delayed or otherwise expressed a reluctance to confront the problems. A number of examples could be cited. Only a few will be mentioned here.

1. Highest on the list is the need for qualitative improvements in all forms of vocational education and training. Instructor training and retraining along with concommitant standards of instruction is a glaring, qualitative deficiency in vocational education as well as in CETA programs. Present

expenditures for instructor training in state-planned programs now amount to only 0.9 percent of overall costs. If present level of expenditure for instructor training were used to cover the costs of, say, five days of in-service training for each instructor, it would take about five years to complete the task.

Current expenditures for inquiry show a pattern of even greater inadequacy. As a proportion of overall costs of state planned programs, research expenditures now amount to 0.3 percent of overall program costs. This is only enough to accommodate a limited amount of internal tinkering with minor refinements in current program activities. It is not sufficient to deal with sizable experiments which could lead to program reform. Nor is it adequate to sustain a capacity for continuous inquiry so that the field can be informed by critical assessments and the testing of promising alternatives.

Leadership development, the involvement of university level institutions in problems of vocational education and training, is almost non-existent. There is no parallel, for example, to a Graduate School in the USDA or to other modes of advanced training for agriculture, military academies in the Department of Defense or to the federal support of university level contributions to science or health care. There has been no direct encouragement by the federal government for universities to become involved in the employment problems of Americans who are at the lower end of the occupational structure since the Morrill Act of 1862. It is not likely to occur without federal encouragement and support.

In sum, qualitative improvements are the greatest need, along with a renewed capacity to sustain qualitative improvements.

2. A second kind of problem needing special attention at the federal level is a redesign of federal funding formulas to deal with target groups, special needs, or special client groups. The "matching" principle is no longer valid; it does not operate as an incentive to local jurisdictions to generate local resources. Moreover, the traditional "set aside" funding for special target groups such as the handicapped and disadvantaged has limited validity. The principle of "set aside" assumes more homogeneity than exists and it assumes that proportional funding is both effective and fair as a method of allocating resources to target groups as well as to others.

The funding formulas which include set asides tend to erode the capacity of states and local jurisdictions to deal effectively with *all* students and clients. Vocational education has a clear responsibility to respond to the needs of special populations. But this response should not be constrained nor limited by provisions intended to apply to other populations. "Set aside" funding tends to generalize the response to special situations.

A desirable approach to funding would be to establish separate authorizations of appropriations for target groups (unemployed youth, disadvantaged, handicapped, etc.) for addressing the special problems of cost as well as the special problems of training.

Some Views About What Should Not be Included in Federal Legislation

Finally, it should be mentioned that there are several things which should not be included within federal legislation.

Federal legislation should not include the authorization of educational methodology. There is much merit in such educational methods as cooperative education, work-study, counseling, job-placement, job-matching, youth activities and similar approaches. Their identification in federal legislation is dysfunctional. Their inclusion tends to emphasize means and it tends to obscure the importance of ends. Compliance, therefore, becomes a means-oriented activity. The legislation of methodology also tends to become inclusive: what is not authorized acquires a lower priority or none at all. The important role of youth activities in vocational education has declined sharply, for example, since this role lost much of its legislated identity as an educational method. The legislating of educational methodology tends to create new cadres of specialists (work-study coordinators, cooperative education coordinators, etc.) to carry out what had previously existed as rather general functions. Finally, the legislating of educational methodology tends to supplant a most critical need, the need to prepare instructional personnel who are creative in generating new approaches to the full range of instructional activities which are important to vocational education and training. The legislating of educational methodology tends to make instruction an administrative problem rather than a learning problem.

Federal legislation should also minimize the role of definitions. Particularly they should be minimized in instances where they override the options which should be available to state and local jurisdictions in program planning or operation. When federally legislated definitions compound the difficulties of providing programs at state and local levels, they serve little purpose except to achieve unnecessary consistency or to impose homogeneity.

Summary

The federal role in employment and in the special problems of transiting from school to work is now both central and crucial. It is embedded in the fabric of individual and institutional expectations. It is important, therefore, to examine ways in which the federal role may be regarded as a variable and an improvable asset to human resource policy rather than a fixed dimension requiring only accommodation. To attempt to accomplish this without involving the educational system in a cooperative relationship is foolhardy. But the educational system is not fully prepared to adapt to all of the public expectations. It needs strengthening as well as incentives to adjust.

There is need, moreover, to match policies with problems and to insure that policy-making is never the exclusive function of any level of elected governance.

A redefinition of the federal role is imperative particularly in relation to the guarantees which the federal government can give to individuals regarding opportunities to engage in work roles.

There are crucial problems and issues awaiting attention at the federal level, particularly in elevating the quality of programs and the capacity of institutions to provide effective programs.

Finally, there are things which federal legislation should not attempt to do. The attempt of federal legislation to be preoccupied with means will often obscure or delay the achievement of ends.

The **Chairman**. Thank you very much, Dr. Swanson, for your very provocative and very constructive statement. I appreciate it.

My only regret—and I can see my regret will increase as time advances—is that we have such a wealth of background that could be mined for depth, more than we have time for in one short hearing. I hope we can keep you in a continuing collaborative—not cooperative—role with this committee Dr. Swanson, would that be agreeable with you?

Dr. **Swanson**. Yes.

The **Chairman**. And the rest of the panel?

Ms. **Wiskowski**. Yes.

Mr. **Timpane**. Yes

Mr. **Hornbeck**. Yes.

Dr. **Grasso**. Yes.

The **Chairman**. And I know what I mean by "collaborative." We will continue now with Mr. Hornbeck.

Mr. **Hornbeck**. Mr. Chairman, members of the committee, my name is David W. Hornbeck. I am the State superintendent of schools from Maryland. I also serve as chairman of the Committee on Education, Training, and Employment of the Council of Chief State School Officers. I welcome the opportunity to appear before you today.

I will not burden you with more statistics underlining the dimensions of the youth employment problem. It is of gargantuan proportions and represents a festering wound in the body of our society.

My purpose in appearing today is to ask your most careful attention to the role education must play in seeking a solution to the problem. The fact is that with education and schools as full partners in the enterprise, success is not guaranteed. But absent full partnership, failure is guaranteed.

The Nation through the youth programs funded under CETA has taken significant steps in the past few years to attack youth unemployment. Education has played an important role in this national strategy.

As you know, schools across the country were brought into partnership through the requirements you established in the youth employment and training programs in the act. Specifically, you required that a minimum of 22-percent of a prime sponsor's allocation be spent in accordance with a contract between the prime and a local education agency. My first recommendation is that the 22-percent minimum mandate be maintained.

A second major initiative has been the youth incentive entitlement pilot projects, YIEPP.

Baltimore is a recipient of these funds. The result has been a program serving 5,008 young people with a high degree of collaboration between the Baltimore Mayor's Office of Manpower Resources and the Baltimore City School System. The entitlement programs and the links they have forged between schools and manpower agencies should be continued.

In addition to these two major approaches where cooperation is mandated by your law, a number of other links have been made between schools and manpower agencies that have been extremely valuable.

In general, then, I believe that much of what has been built should be maintained. There are three fundamental changes that I believe are called for to allow us to take the next major stride forward.

First, I would urge a more rigid focus on a target population of youth, all of whom are both poor and unemployed and each of whom is: (a) truant, (b) out of school, or (c) functionally illiterate. It is my view that we should deal with the most intractable piece of the problem first rather than spread our resources so thinly that we run the danger of ineffectiveness for all.

Second, we must face the issue of employment versus employability. We have had a tendency to measure success by the numbers of youth whom we can place in paying jobs without proper attention to whether we actually have made them employable.

The first step is to see that they can read, write, and calculate; to assure they understand the importance of such things as punctuality and acceptance of supervision; to address issues of motivation and attitude. Absent success with those efforts, our funds will provide only income maintenance or, as some put it, the "jingle in your jeans" approach to youth employment.

If you buy the notion that employability must precede employment and that job placement within CETA programs should be seen simply as part of a training program, not as an end in itself, an additional vehicle is necessary to make sure it happens.

I suggest to you that each young person served requires a genuine employability development plan. The law prescribes such a plan now but not in the fashion I would advocate. Such a plan would be designed collaboratively by the local prime sponsor and local school system. Each youth's skills would be assessed, specific weaknesses identified, and detailed sets of actions prescribed for eliminating those barriers to employability.

Specific objectives would be laid out so that the results are measurable. I recommend to you that a collaboratively designed individual employability development plan be mandated legislatively with school systems taking the lead responsibility for youth under the age of 18 and prime sponsors for those over 18, but with each required to participate with the other.

Finally, I recommend that not only should CETA youth employment funds be increased but that serious consideration be given to creating a source of Federal dollars not unlike title I of the Elementary and Secondary Education Act, which could be concentrated by schools on the development of employability skills among secondary school students.

Such initiative would be the nail in the plank underlining the schools' fundamental responsibility in this area.

Thank you for this opportunity to share these thoughts with you.

The CHAIRMAN. Thank you very much, Mr. Hornbeck.

[The prepared statement of Mr. Hornbeck follows:]

Testimony of David W. Hornbeck
State Superintendent of Schools (Maryland)
Senate Committee on Labor and Human Resources
October 24, 1979

Mr. Chairman, Members of the Committee

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Second, we must face the issue of employment versus employability. We have had a tendency to measure success by the numbers of youth whom we can place in paying jobs without proper attention to whether we actually have made them employable. The first step is to see that they can read, write and calculate; to assure they understand the importance of such things as punctuality and acceptance of supervisors; to address issues of motivation and attitude. Absent success with those efforts, our funds will provide only income maintenance or, as some put it, the "jingle in your jeans" approach to youth employment.

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Finally, I recommend that not only should CETA Youth Employment Funds be increased but that serious consideration be given to creating a source of federal dollars not unlike Title I of the Elementary and Secondary Education Act which could be concentrated by schools on the development of employability skills among secondary school students. Such an initiative would be the nail in the plank underlining the schools' fundamental responsibility in this area.

Thank you for this opportunity to share these thoughts with you. I would be happy to answer any questions.

Mr. CHAIRMAN. Dr. John Grasso, Office of Research and Development, West Virginia University.

Dr. GRASSO. It is an honor and a great personal pleasure to appear today to provide a report on two very important parts of American education, vocational education and training, and American higher education.

Although our existing research does not cover all the important questions on vocational education and higher education, it constitutes in the aggregate an impressive body of work, and provides the basis for formulating some opinions on policy for the future.

Let me begin with a review of existing research on vocational education. Of course, it should be clearly understood at the outset that a great many different types of programs are offered across the country under the name of vocational education They range from some types of prevocational counseling given prior to high school to highly specific postsecondary occupational training, as in nuclear technology.

Programs differ from State to State, and from urban to rural locations. At the high school level, the programs are also typically different for the boys than for the girls. At the most general level, vocational education can be conceived to include training in the apprenticeship system, in proprietary schools, in the Armed Forces, and in business and industry. It is therefore incorrect to speak of vocational education as a unitary commodity.

Publicly funded vocational education is thought to serve as an important part of social policy for developing human resources. It is aimed at satisfying the needs of persons seeking education and training to enhance their life chances, as well as employers and society-at-large. It can also be construed as the embodiment of a certain type of public educational policy for the non-college-bound. In any event, a review of national studies confirms that vocational education is complex and has varied effects.

Any discussion of vocational education in high school should begin with the characteristics of the students, especially in light of fears whether vocational education is the dumping ground of schools, and also whether vocational education is responsive to the needs of special populations, that is, minorities, disadvantaged, and handicapped.

Some surveys from the early to mid-1960's show the average male entering vocational education with lower scores on background and academic aptitude measures than the average male general students; other surveys covering the late 1960's and early 1970's show smaller differences between the male vocational and general students.

However, for females, the surveys have consistently shown no pervasive differences in background or aptitude between vocational and general students.

The differences in data for males and the lack of differences among females may be related to the fact that male vocational students are predominantly enrolled in blue-collar specialty programs while female vocational students are found in the business and office cluster; that is, white collar clerical training which may require certain verbal and computational skills.

In any event, research with the national data has typically been based on a recognition of possible differences among levels and groups, and researchers have taken pains to statistically control for background, ability, and other differences when investigating outcomes that could be attributed to the program alone.

The national data reveal some differences on attitudes and outlook.

Evidence suggests that vocational students tend not to like high school as much as other students, but both occupational and other students tend to like very much the vocational courses that they have taken, and vocational students like their vocational programs.

The occupational goals of high school students follow seemingly logical patterns: male vocational graduates are especially likely to desire to work in the crafts; female business and office students, in clerical and secretarial jobs, et cetera.

College preparatory students are aiming for professional and technical jobs.

The goals of the students from the general program—some of whom are desiring college and others are not—lie between the occupational students' goals and the college preparatory students' goals. It may be said that occupational students desire jobs requiring special skills, but so do their peers.

Enrollment in an occupational high school program is associated on average with relatively low educational goals—especially among white female business and office students—but there are exceptions.

For instance, nearly half of the black male occupational students in the 1966 national longitudinal surveys desired to attain 4 more years of college.

This raises questions whether youth possess sufficient information about their opportunities and the consequences of choosing among the various high school curricula. The data are not clear on this. NLS data on tests of the occupational information possessed by youth show that male occupational students know less than their general track peers about a variety of occupations; however, the reverse is true among the young women.

There is little evidence as to why the vocational students have enrolled during high school in such programs; that is, on the extent to which "curricular choice" was volitional, was based on adequate information about the various alternatives, and so on. Charles Benson has used the term "truth-in-training" when talking about these problems.

There is a wide array of outcome dimensions for participation in a vocational education program in high school: education and training outcomes, labor market outcomes, social and psychological outcomes.

Research with national data has already addressed a number of these areas, but not all of them.

One very important area not addressed is the effects of enrollment in vocational programs on level of achievement in basic skills: reading, writing, computation. It is reasonable to conceive of both (1) positive effects, if vocational students are motivated toward greater academic achievement because they can perceive the real-world applicability of academic subjects; and (2) negative effects, if achievement is dampened because less time is spent by vocational students in subjects that foster development of basic skills.

Effects may be expected to vary for the different kinds of vocational programs: high school versus postsecondary, white-collar versus blue-collar specialties. However, these effects are not currently known.

Another educational outcome where research has not provided answers concerns the effects of vocational programs on stemming high school dropout rates. Research with the national longitudinal surveys provides inconsistent findings on this question for the male students.

Some of this evidence fails to support the view that vocational programs help boys persist to attain their high school diplomas. The dropout issue is conceptually complex: We still need to know a great deal more on how vocational programs attract students, as well as how they hold the students that they have already attracted.

Vocational programs seem to have negative effects on the total amount of schooling attained, including completion of college. Of course, vocational students do not desire to complete college to the degree that general and college preparatory students do. In fact, as vocational students persist from year to year during high school, evidence suggests that their aspirations for college continually drop.

Nevertheless, after completion of regular school, vocational graduates receive training of various kinds—especially company training. By contrast, graduates of the general track seem to attain more formal school or postschool institutional training, for example, from business college or technical institutes. Among women, it is interesting to note that those who had had some typing or shorthand in high school are relatively more likely than their peers to report additional clerical or secretarial training after high school graduation, that is, of those who did not go to college.

From all of these findings on education dimensions, it is reasonable to conceive of secondary-level vocational programs as alternatives to the traditional academic programs, and of all the curriculums as serving both vocational and prevocational purposes. Postsecondary education and training programs of various kinds and the availability of employer-sponsored training provide, in total, a wide array of opportunities for the further development and pursuit of career interests.

The vast majority of young persons in the national longitudinal surveys who were out of school expressed a desire to obtain additional education or training, and this includes graduates of vocational programs. Thus, it is probably unwise to regard high school level vocational education as the best or only opportunity for developing labor market skills among the youth.

Existing research on the labor market effects of vocational programs includes studies with the national longitudinal surveys, sponsored by the Department of Labor, and with the national longitudinal study of the high school class of 1972, sponsored by the National Center for Education Statistics. Issues of interest include employability and unemployment, wages and earnings, and occupational assignment.

The findings on the effects of vocational education on reducing unemployment among its graduates are mixed; different research approaches have produced conflicting findings. Significantly, it appears that the single most important, dominating factor relating to the unemployment among the young workers in these surveys is the overall state of the U.S. economy.

Analysis of the range of occupations held by high school graduates who did not go to college show that the occupational distributions for each curriculum overlap one another to a great extent. This is illustrated with data from the national longitudinal surveys of young whites.

Among males, 67 percent of former vocational students held crafts and operative jobs, but so did 59 percent of former general students. Also, while 29 percent of former commercial students held white-collar jobs, so did 25 percent of former general students.

Among females, 74 percent of former business and office graduates worked in clerical and secretarial positions, but so did 52 percent of their general program peers. Overall, for both males and females, both blacks and whites, having some posthigh school education or training increases the chances of holding professional and technical jobs. In every level of education, blacks hold lower level jobs than whites, and females are far more likely than males to hold clerical jobs.

One of the most salient outcome areas considered for vocational education is that of wages and earnings. The evidence seems to vary for different vocational programs. Based on national data, the high school level vocational programs for males seem to lead on average to no better wages and earnings than does the general program. Effects on wages may vary by individual specialty area, or by State or region, but on average, the differences are nil. Indeed, some longitudinal evidence also shows that the gains in wages over time may be slower for vocational than for general students.

However, this is not true for female graduates of high school level vocational education programs. Among the females, business and office graduates were found to enjoy significantly higher rates of pay and annual earnings than were graduates of general programs.

Among women, over half of the high school graduates not going to college work in sex-typed jobs, in every curriculum group, but interestingly, this did not necessarily mean lower wages.

Business and office graduates were especially likely to do so, but they enjoyed a wage advantage over their peers. Among women with some years of college—but less than a baccalaureate degree—those who worked in female jobs enjoyed an advantage over their peers.

The findings suggest that women working in non-sex-typed jobs were not necessarily any better off than the women working in traditionally female jobs. The effects of holding a traditional job varies by level of schooling and by race, permitting no simple conclusion to be drawn.

Findings also reveal that postsecondary education or training of various kinds produces benefits in wages and earnings for high school graduates of either sex—and, significantly, for high school dropouts, too. The findings seem to suggest that postsecondary programs and training outside of regular school are more effective on the whole than the programs at the secondary level. However, it is also possible that the findings are partly confounded by other preexisting differences in the students at each level, for example, motivation and maturity, for which it is difficult to control.

In my opinion, these various findings suggest a need for greater modesty in expectations for vocational education at the high school level than for the programs at the postsecondary level or outside of formal schooling.

At the secondary level, the vocational programs may provide an acceptable alternative to general and academic programs, especially so long as students are exercising free and informed choices when enrolling in these programs, but no evidence for overwhelming positive effects can be found in the national studies completed to date.

However, the evidence on posthigh school education and training, and vocational training outside of regular schooling does show positive effects in terms of wages, occupation, employment, et cetera.

There is no clearly established single reason to explain the difference in findings for the various types and levels of vocational education and training, but also there is no reason to believe that these effects will not continue to persist into the foreseeable future.

REVIEW OF HIGHER EDUCATION RESEARCH

Recent research on the labor market effects of higher education shows that this issue is also varied and complex. This research may be viewed as comprising three distinct scenarios about the labor market value of higher education.

Up to the late 1960's and early 1970's, economists and others were presenting calculations of the rate of return to investment in college and revealing that the payoff was comparable to investment in physical capital. Then, in the early to mid-1970's, a number of writers began to warn that, as a nation, we may be overinvesting in college; that is, investing more than the market warrants. But recently, a third perspective has been emerging that views investment in college within the context of changes in the demographic composition of the American work force; this third picture is not yet complete.

The view that the market value of college has fallen has been promulgated in recent years. One pair of authors wrote that the "golden age of higher education came to an abrupt end at the outset of the 1970's, when the 25-year boom in the college job market withered into a major bust." This dramatic, if not sensational, change of view as compared to what had been written in earlier years has drawn a good deal of attention and reanalysis. In retrospect, it now appears to comprise only a limited part of a much larger picture.

One limitation of the research claiming we have overeducated our work force is its failure to consider the wide range of effects that higher education may produce. Higher education may be conceived as having social, political, and psychological benefits for a diverse, alert, and enlightened population which repeatedly proves to be the Nation's greatest resource.

Recent research has begun to fully document this wide array of effects, in terms of knowledge and behavior, and have concluded that education is more important than sex, religion, occupation, father's occupation, and urban or rural origin.

A second limitation of the research is comprised of its own technical, conceptual, and methodological assumptions and, in some cases, errors. Especially because of its spectacular nature, this body of work has drawn other researchers to study it, and reviewers have now raised a great many questions about the scientific adequacy of the overinvestment research. Writers have shown that other assumptions, data, and methods of analysis lead to entirely different conclusions about the net labor market effects of higher education.

The view now emerging is distinguished by careful attention to social and demographic changes in the flow of new workers to the labor market, which is transforming the age structure of the American work force. In one study, I attempted to track the flow of males belonging to the postwar baby boom as they entered the labor force. The first wave of this extraordinarily large cohort of youth began to reach 18 years of age, beginning in about 1965.

However, with draft calls for the conflict in Southeast Asia at a rate of over a million men per year, as well as college entry rates continuing to rise in line with the long term secular trend in education, the labor market was not called on to accommodate this new group until about 5 years later. It was not until about 1970, when over a million men per year were being discharged from the Armed Forces, and the draft was ended, that the labor market was affected at all. Then, beginning in 1970, the flow of new male workers into the labor force more than doubled.

Significantly, this doubling of the flow occurred not only for new college graduates, but also for those with less schooling. If there were an oversupply of college graduates in the labor market, relative to demand, then the same was true of high school graduates. If the oversupply flooded the college graduates' own market, the same was true of the market for those with other levels of education and training.

The effects of all this may now be considered to have been predictable. As Freeman has noted, starting salaries of college graduates did not keep pace with historical standards; but the same seems to be true for high school graduates. The sheer size of the baby boom cohort relative to labor market opportunities has pushed young workers into entry-level positions that differ from historical standards. As the flow of those with various levels of education have all been expanding, the position of new college graduates relative to new high school graduates may continue to be comparable to historical ratios.

The popular press has begun to describe young workers facing a promotion squeeze, and subsequent cohorts will likely be affected by the bulge of workers preceding them. As young workers flooding their own markets place downward pressure on wages, young wives are increasing their labor force activity, at least in part to supplement family incomes.

In fact, just as this cohort faces intense competition for jobs, the same is probably true in housing and other consumer markets for goods and services that are especially important for young families.

All of this may be discouraging some new high school graduates from entering college, but college-going is also increasing among the population over 25 years of age. American workers are responding not by abandoning education, but not by continuing to develop their skills and competencies to compete at extraordinarily high levels.

In my opinion, it would be a mistake for Congress to overreact to the evidence. Even if the personal payoffs of education have not reached historical levels for demographic reasons, the benefits are still available to society at large. Cutbacks in support for higher education would not be any more appropriate than, say, trying to alleviate the current gasoline crunch by prohibiting the issuance of new driver's licenses for an indefinite period.

Now that the impact of the baby boom has crested and the labor market is continuing to adjust, analysts are increasingly able to fully document what has occurred.

The events have left in their wake a large cohort tested in competition throughout elementary, secondary, and higher education, and also in the labor market. Thus far they have been the beneficiaries of American policy designed to offer great freedom of opportunity to large numbers. With the help of appropriate leadership at the national level, they can be ready to respond to current and future common problems in unemployment, inflation, and energy.

On the other hand, policies that would intensify competition for scarce jobs, goods, and services within higher education or within the population at large may be counterproductive.

Rather than directing their energies toward the solution of national problems, the American population including the postwar cohort would be guided by restrictive policies to even more intensified interpersonal competition, with family vying against family, and group against group, with uncertain but probably unpleasant results.

Thank you very much for this opportunity to participate today.

Of course, like Dr. Swanson, I would be happy to answer any questions now or at a future date.

[The prepared statement of Dr. Grasso follows:]

The Labor Market Value of Vocational and Higher Education

by

John T. Grasso*
West Virginia University

A statement prepared for the Committee on
Labor and Human Resources, United States Senate,
for hearings entitled, "Youth and the Workplace:
Perspectives for the Coming Decade,"
July 11-12, 1979.

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*The author is a Research Associate, Office of Research and Development, in the Center for Extension and Continuing Education; and Assistant Professor, Educational Psychology, College of Human Resources and Education, West Virginia University, Morgantown.

Introduction

This statement is a report on the labor market value of vocational and higher education based on recent empirical research with national data. The material on vocational education is taken mainly from a larger review completed for the National Institute of Education for its study of vocational education mandated under the 1976 Education Amendments (PL 94-482).[1] The information on higher education derives from work based on the National Longitudinal Surveys,[2] as well as a new and growing body of work based on data from the Bureau of the Census and Bureau of Labor Statistics. Although existing research does not cover all the important questions on vocational education and higher education, it constitutes in the aggregate an impressive body of work, and provides a basis for formulating opinions on the near future.

Review of Vocational Education Research

Let me begin with existing research on vocational education. Of course, it should be clearly understood at the outset that a great many different types of programs are offered across the country under the name of vocational education. They range from some types of prevocational counseling given prior to high school to highly specific post-secondary occupational training, as in nuclear technology. Programs differ from state to state, and from urban to rural locations. At the high school level the programs are also typically different for the boys than for the girls. At the most general level, vocational education can be conceived to include training in the apprenticeship system, in pro-

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All footnotes appear at the end of the text.

prietary schools, in the armed forces, and in business and industry. It is therefore incorrect to speak of vocational education as a unitary commodity.

Publicly-funded vocational education is thought to serve as an important part of social policy for developing human resources. It is aimed at satisfying the needs of persons seeking education and training to enhance their life chances, as well as employers and society-at-large. It can also be construed as the embodiment of a certain type of public educational policy for the noncollege-bound. In any event, a review of national studies[3] confirms that vocational education is complex and has varied effects.

Any discussion of vocational education in high school should begin with the characteristics of the students, especially in light of fears whether vocational education is the "dumping ground" of schools, and also whether vocational education is responsive to the needs of special populations (e.g., minorities, disadvantaged, and handicapped).

National data on male students in high-school-level vocational education shows some differences. Some surveys from the early to mid-1960's show the average male entering vocational education with lower scores on background and academic aptitude measures than the average male general student; other surveys covering the late 1960's and early 1970's show smaller differences between the male vocational and general students. However, for females, the surveys have consistently shown no pervasive differences in background or aptitude between vocational and general students.

The differences in data for males and the lack of differences among females may be related to the fact that male vocational students are predominantly enrolled in blue-collar specialty programs while female vocational students are found in the Business and Office cluster; that is, white-collar clerical training which may require certain verbal and computational skills. In any event, research with the national data has typically been based on a recognition of possible differences among levels and groups, and researchers have taken pains to statistically control for background, ability and other differences when investigating outcomes that could be attributed to the program alone.

The national data reveal some difference on attitudes and outlook. Evidence suggests that vocational students tend not to like high school as much as other students, but both occupational and other students tend to like very much the vocational courses that they have taken, and vocational students like their vocational programs. The occupational goals of high school students follow seemingly logical patterns: male vocational graduates are especially likely to desire to work in the crafts, female business and office students in clerical and secretarial jobs, etc. College preparatory students are aiming for professional and technical jobs. The goals of the students from the general program--some of whom are desiring college and others are not--lie between the occupational students' goals and the college preparatory students' goals. It may be said that occupational students desire jobs requiring special skills, but so do their peers.

Enrollment in an occupational high school program is associated on average with relatively low educational goals (especially among white female business and office students), but there are exceptions. For instance, nearly half of the black male occupational students in the 1966 National Longitudinal Surveys desired to attain four or more years of college. This raises questions whether youth possess sufficient information about their opportunities and the consequences of choosing among the various high school curricula. The data are not clear on this. NLS data on tests of the occupational information possessed by youth show that male occupational students know less than their general track peers about a variety of occupations; however, the reverse is true among the young women. There is little evidence as to why the vocational students have enrolled during high school in such programs; i.e., on the extent to which "curricular choice" was volitional, was based on adequate information about the various alternatives, and so on.

There is a wide array of outcome dimensions for participation in a vocational education program in high school: education and training outcomes, labor market outcomes, social and psychological outcomes. Research with national data has already addressed a number of these areas, but not all of them. One very important area not addressed is the effects of enrollment in vocational programs on level of achievement in basic skills: reading, writing, and computation. It is reasonable to conceive of both (1) positive effects, if vocational students are motivated toward greater academic achievement because they can perceive the real-world applicability of academic subjects; and (2) negative effects, if achievement is dampened because less time is spent by vocational students in subjects that foster development of basic skills. Effects may be expected to vary for the different kinds of vocational programs: high school versus postsecondary, white-collar versus blue-collar specialities. However, these effects are not currently known.

Another educational outcome where research has not provided answers concerns the effects of vocational programs on stemming high school dropout rates. Research with the National Longitudinal Surveys provides inconsistent findings on this question for the male students. Some of this evidence fails to support the view that vocational programs help boys persist to attain their high school diplomas. The dropout issue is conceptually complex: we still need to know a great deal more on how vocational programs attract students, as well as how they hold the students that they have already attracted.

Vocational programs seem to have negative effects on the total amount of schooling attained, including completion of college. Of course, vocational students do not desire to complete college to the degree that general and college preparatory students do. In fact, as vocational students persist from year to year during high school, evidence suggests that their aspirations for college continually drop.

Nevertheless, after completion of regular school, vocational graduates receive training of various kinds (especially company training). By contrast, graduates of the general track seem to attain more formal school or post-school institutional training (e.g., from business colleges or technical institutes). Among women, it is interesting to note that those who had had some typing or shorthand in high school are relatively more likely than their peers to report additional clerical or secretarial training after high school graduation (i.e., of those who did not go to college).

From all of these findings on education dimensions it is reasonable to conceive of secondary-level vocational programs as alternatives to the traditional academic programs, and of all the curricula as serving both vocational and pre-vocational purposes. Postsecondary education and training programs of various kinds and the availability of employer-sponsored training provide, in total, a wide array of opportunities for the further development and pursuit of career interests. The vast majority of young persons in the National Longitudinal Surveys who were out of school expressed a desire to obtain additional education or training, and this includes graduates of vocational programs. Thus, it is probably unwise to regard high school level vocational education as the best or only opportunity for developing labor market skills among the youth.

Existing research on the labor market effects of vocational programs includes studies with the National Longitudinal Surveys, sponsored by the Department of Labor, and with the National Longitudinal Study of the High School Class of 1972, sponsored by the National Center for Education Statistics. Issues of interest include employability and unemployment, wages and earnings, and occupational assignment.

The findings on the effects of vocational education on reducing unemployment among its graduates are mixed; different research approaches have produced conflicting findings. Significantly, it appears that the single most important, dominating factor relating to the unemployment among the young workers in these surveys is the overall state of the U. S. economy.

Analysis of the range of occupations held by high school graduates who did not go to college show that the occupational distributions for each curriculum overlap one another to a great extent. This is illustrated with data from the National Longitudinal Surveys for young whites.

Among males, 67 percent of former vocational students held crafts and operative jobs, but so did 59 percent of former general students. Also, while 29 percent of former commercial students held white-collar jobs, so did 25 percent of former general students. Among females 74 percent of former business and office graduates worked in clerical and secretarial positions, but so did 52 percent of their general program peers. Overall, for both males and females, both blacks and whites, having some post high school education or training increases the chances of holding professional and technical jobs. In every level of education, blacks hold lower-level jobs than whites, and females are far more likely than males to hold clerical jobs.

One of the most salient outcome areas considered for vocational education is that of wages and earnings. The evidence seems to vary for different vocational programs. Based on national data, the high school level vocational programs for males seem to lead on average to no better wages and earnings than does the general program. Effects on wages may vary by individual specialty area, or by state or region, but on average the differences are nil. Indeed, some longitudinal evidence also shows that the gains in wages over time may be slower for vocational than for general students.

However, this is not true for female graduates of high school level vocational education programs. Among the females, business and office graduates were found to enjoy significantly higher rates of pay and annual earnings than were graduates of general programs.

Among women, over half of the high school graduates not going to college work in sex-typed jobs, in every curriculum group, but interestingly this did not necessarily mean lower wages. Business and office graduates were especially likely to do so, but they enjoyed a wage advantage over their peers. Among women with some years of college (but less than a baccalaureate degree), those who worked in "female" jobs enjoyed an advantage over their peers. The findings suggest that women working in non-sex-typed jobs were not necessarily any better off than the women working in traditionally "female" jobs. The effects of holding a traditional job varies by level of schooling and by race, permitting no simple conclusion to be drawn.

Findings also reveal that postsecondary education or training of various kinds produces benefits in wages and earnings for high school graduates of either sex (and, significantly, for high school dropouts, too). The findings seem to suggest that postsecondary programs and training outside of regular school are more effective on the whole than the programs at the secondary level. However, it is also possible that the findings are partly confounded by other pre-existing differences in the students at each level (e.g., motivation and maturity) for which it is difficult to control.

In my opinion these various findings suggest a need for greater modesty in expectations for vocational education at the high school level than for the programs at the postsecondary level or outside of formal schooling. At the secondary level, the vocational programs may provide an acceptable alternative to general and academic programs, especially so long as students are exercising free and informed choices when enrolling in these programs, but no evidence for overwhelming positive effects can be found in the national studies completed to date. However, the evidence on post-high school education and training, and vocational training outside of regular schooling does show positive effects in terms of wages, occupations, employment, etc.

There is no clearly-established single reason to explain the difference in findings for the various types and levels of vocational education and training, but also there is no reason to believe that these effects will not continue to persist into the foreseeable future.

Review of Higher Education Research

Recent research on the labor market effects of higher education shows that this issue is also varied and complex. This research may be viewed as comprising three distinct scenarios about the labor market value of higher education.

Up to the late 1960's and early 1970's, economists and others were presenting calculations of the rate of return to investment in college and revealing that the payoff was comparable to investment in physical capital. Then, in the early to mid-1970's, a number of writers began to warn that, as a nation, we may be overinvesting in college; that is, investing more than the market warrants. But recently, a third perspective has been emerging that views investment in college within the context of changes in the demographic composition of the American workforce; this third picture is not yet complete.

The view that the market value of college has fallen has been promulgated in recent years.[4] One pair of authors wrote that the "golden age of higher education came to an abrupt end at the outset of the 1970's, when the 25-year boom in the college job market withered into a major bust."[5] This dramatic, if not sensational, change of view as compared to what had been written in earlier years has drawn a good deal of attention and reanalysis. In retrospect it now appears to comprise only a limited part of a much larger picture.

One limitation of the research claiming we have overeducated our workforce is its failure to consider the wide range of effects that higher education may produce. Higher education may be conceived as having social, political, and psychological benefits for a diverse, alert and enlightened population which repeatedly proves to be the nation's greatest resource. Recent research has begun to fully document this wide array of effects, in terms of knowledge and behavior, and have concluded that education is more important than sex, religion, occupation, father's occupation, and urban or rural origin.

A second limitation of the research is comprised of its own technical, conceptual and methodological assumptions and (in some cases) errors. Especially because of its spectacular nature, this body of work has drawn other researchers to study it, and reviewers have now raised a great many questions about the scientific adequacy of the "overinvestment" research.[7] Writers have shown that other assumptions, data, and methods of analysis lead to entirely different conclusions about the net labor market effects of higher education.[8]

The view now emerging is distinguished by careful attention to social and demographic changes in the flow of new workers to the labor market, which is transforming the age structure of the American workforce.[9] In one study I attempted to track the flow of males belonging to the post-war baby boom as they entered the labor force. The first wave of this extraordinarily large cohort of youth began to reach eighteen years of age beginning in about 1965.

However, with draft calls for.the conflict in Southeast Asia at a rate of over a million men per year, as well as college entry rates continuing to rise in line with the long term secular trend in education, the labor market was not called on to accomodate this new group until about five years later. It was not until about 1970, when over a million men per year were being discharged from the armed forces, and the draft was ended, that the labor market was affected at all. Then, beginning in 1970 the flow of new male workers into the labor force more than doubled.[10]

Significantly, this doubling of the flow occurred not only for new college graduates, but also for those with less schooling. If there were an oversupply of college graduates in the labor market, relative to demand, then the same was true of high school graduates. If the oversupply flooded the college graduates' own market, the same was true of the market for those with other levels of education and training.

The effects of all this may now be considered to have been predictable. As Freeman has noted, starting salaries of college graduates did not keep pace with historical standards; but the same seems to be true for high school graduates.[11] The sheer size of the baby boom cohort relative to labor market opportunities has pushed young workers into entry level positions that differ from historical standards. As the flow of those with various levels of education have all been expanding, the position of new college graduates relative to new high school graduates may continue to be comparable to historical ratios.[12]

The popular press has begun to describe young workers facing a promotion squeeze, and subsequent cohorts will likely be affected by the bulge of workers preceeding them. As young workers flooding their own markets place downward pressure on wages, young wives are increasing their labor force activity, at least in part to supplement family incomes. In fact, just as this cohort faces intense competition for jobs, the same is probably true in housing and other consumer markets for goods and services that are especially important for young families.

All of this may be discouraging some new high school graduates from entering college, but college-going is also increasing among the population over 25 years of age. American workers are responding not by abandoning education, but by continuing to develop their skills and competencies to compete at extraordinarily high levels.

In my opinion it would be a mistake for Congress to overreact to the evidence. Even if the personal payoffs of education have not reached historical levels for demographic reasons, the benefits are still available to society at large. Cutbacks in support for higher education would not be any more appropriate then, say, trying to alleviate the current gasoline crunch by prohibiting the issuance of new driver's licenses for an indefinite period.

Now that the impact of the baby boom has crested and the labor market is continuing to adjust, analysts are increasingly able to fully document what has occurred.[13] The events have left in their wake a large cohort tested in competition throughout elementary, secondary and higher education, and also in the labor market. Thus far they have been the beneficiaries of American policy designed to offer great freedom of opportunity to large numbers. With the help of appropriate leadership at the national level they can be ready to respond to current and future common problems in unemployment, inflation and energy.

On the other hand, policies that would intensify competition for scarce jobs, goods and services within higher education or within the population at large may be counterproductive. Rather than directing their energies toward the solution of national problems, the American population including the post-war cohort would be guided by restrictive policies to even more intensified interpersonal competition, with family vying against family, and group against group, with uncertain but probably unpleasant results.

Notes

1. See Grasso and Shea (1979).
2. Grasso and Myers (1977), Grasso (1977).
3. The four primary sets of national data are: Project Talent (see Wise, 1977), Youth in Transition (O'Malley et al., 1977), the National Longitudinal Surveys of Labor Market Experience (Center for Human Resource Research, 1977), and the Longitudinal Study of Educational Effects (Creech et al., 1977; Nolfi et al., 1977; Peng et al., 1977). The latter project is also sometimes called the National Longitudinal Study of the High School Class of 1972.
4. See for instance the citations of Freeman and O'Toole in the reference list.
5. Freeman and Holloman (1975, p. 24).
6. E.g., Astin (1977), Feldman and Newcomb (1969), Hyman and others (1975).
7. See Goldstein (1977), Grasso (1977), Jaffee and Froomkin (1978), Levin (1978), Smith and Welch (1978), and Witmer (1978).
8. For instance, Grasso (1977), Rumberger (forthcoming), Welch (1979), and Witmer (1978).
9. Easterlin (1978), Easterlin and others (1978), and Johnston (1976).
10. Grasso (1977).
11. Grasso (1977), Rumberger (forthcoming).
12. Idid.
13. Welch (1979).

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The **Chairman**. Thank you very much, Dr. Grasso. I know that Senator Randolph wanted to remain here for your entire testimony, but we are all subject to conflicts at all times. As chairman of one of the other committees, he was occupied, as so many of the others are at this very busy time in the Senate.

Senator Javits left for SALT. Senator Schweiker and I are ranking members. If there are any conflicts, this is our one priority. I want you to know that even though we do not have many members here due to todays schedule of Senate activities, this subject is of the highest importance to all our members.

Everything that has been added to our background of knowledge is going to be very useful and the hearing record created today will form the basis for our consideration of youth issues.

It is hard right now to organize to the maximum benefit and still be efficient here with time. I thought of two questions that might draw forth what would be particularly helpful to me if I put a broad inquiry this way.

Just assuming for a moment existing funding levels, I wonder what each of you would designate as the most important single priority changes that you would recommend in terms of our current legislation, that has been designed or developed for the area of youth transition in employment. Second if we had considerably more money that could be made available, what would you design for us?

Could you take a shot at that, Ms. Wiskowski?

Ms. **Wiskowski**. Yes, Mr. Chairman.

I would like to say, Mr. Chairman, in response to the first part of your question that if the funding remains status quo, that remediation seems to me a very costly process. I suppose I would say that there isn't much else that we can do at this point for the young people who are in the pipeline and who require remediation to be competitive in the unsubsidized labor market; but it is a very costly process, and I would look back instead to the institutions that currently are responsible for providing employability development skills, and that is in the broadest perspective.

I look at the whole range of human resource development in that broad way and see it as having substantial impact on future employment development.

Let me be very brief about that.

Human resource development can be likened to economic development. The kind of infrastructure we develop in our human capital, whether we talk about prenatal care, proper nutrition, proper medical services, they all play an important part in employment outcome for that person. Trying to remediate in 18 months what the support system has not been able to do for many years is very costly and often very unsuccessful.

The other part of that answer would be that we do have a capacity to link in beside collaborative efforts into the economic development programs that the Congress has passed. I think more and more we have got to look for ways to target in employment opportunities for the most structurally unemployed with the economic initiatives that have been encouraged by the Congress.

The **Chairman**. Thank you.

Mr. **Timpane**. My answer to both questions would be the same. I would concentrate on the development, either on a training basis or on a programmatic basis, depending upon the amount of funding. Programs in the secondary school years of the type suggested by Mr. Hornbeck and by my own testimony, would be compensatory in nature, but focused on the individual's needs as the individual approaches adulthood.

I spoke frequently in my testimony about the concept of literacy because I think that encompasses the basic educational need and what the educational system can give each individual as he or she approaches adulthood. It is in the secondary school years that the individual begins to make those choices for himself and herself whether or not to learn and I think if the secondary schools could pick up on that dynamic and provide skills that it can, that would be the most important thing

The **Chairman**. We have legislated the individualized plan when we passed the legislation for all the handicapped. I get a mixed report from those who do administer the program back home. It makes a great deal of sense in its beginning period. It is a very painful process for those who have the responsibility of developing and communicating a plan.

Mr. **Timpane**. Its application to the secondary school years would in general be a great educational advance. The whole concept of individualization has been more difficult to apply at the secondary level.

I would also report, secondhandedly, that in the second and third years the localities appear to be handling the IEP somewhat better than in the initial years. There was an over-response to the requirements. A person from the Bureau of Education for the Handicapped reported that at least the average plans are getting much, much shorter, which indicates the systems are adjusting.

The **Chairman**. It would seem to me if the resources are there in this connection, an individualized plan would have multiple benefits, including not only the development of skills but also the development of personal esteem that would come about from concentration on the individual. I am not a psychologist, but it would just seem that way to me.

Mr. **Timpane**. Yes.

The **Chairman**. Dr. Swanson?

Dr. **Swanson**. Mr. Chairman, I usually have three ways to answer a question.

The first way is to act as if I know the answer. The second way is a straightforward, hard-hitting evasion. I learned that from my professor friends. The third way is to speak so long that the question is forgotten. I learned that from a personal friend and a Senator from Minnesota who is no longer with us.

In response to your question, I would like to say that I hope that in 10 years someone will look back on this Congress and this committee and say that "this committee tried to look carefully at human resource policy and tried to connect policy at local, State, and Federal levels. They did what no one else had ever done, to realize that the solutions to the problems might need to be as complex as the problem itself."

Second, I would hope that legislation would look at the needed structural changes to effect collaboration among the various kinds of fiscal agents at every level of government, every level of responsibility, every kind of responsibility at the local level, so there is full-scale collaboration and not merely ways of passing casualties off to someone else.

Third, I would like to see some focus on qualitative improvments. I mentioned some of these earlier, but I think instructor training and some focus on inquiry is most important. I would favor these with the same level of funding, or even with more.

The **Chairman**. Thank you, Dr. Swanson.

Mr. Hornbeck?

Mr. **Hornbeck**. In the context of status quo funding, there is nothing, in my view, that would be more important than your mandating what I call employability development plans on an individual basis, requiring in each instance the collaborative signoff of both the school system apparatus and the prime sponsor apparatus.

You are quite right in noting a similarity to IEP. That was quite conscious. Local school systems cannot get at the Congress all the time or even at the Office of Education. Thus, there is no one in the country who has heard the grief of local school systems more than we State superintendents of schools as it pertains to the burdens imposed by IEP's.

I appreciate the difficulties that the IEP's imposed particularly in the early days. But the standard against which we ought to measure our evaluation of the IEP is whether or not they have worked.

In the last 8 years, beginning with the Parc suit in Pennsylvania, this Nation has made a kind of commitment as it relates to handicapped children. That is most unusual in the annals of history. A central piece of making that happen in an effective manner, has been the individualized education plan. It is not without its problems. We are not without our continuing challenges in the world of special education; but it is my view that the kinds of contributions that individualized planning has made could be made as well using that mechanism in the youth employment setting.

Should you, in your wisdom, decide to give more funds to this effort, I would move from the individualized plan and recommend, as Mr. Timpane has suggested, a focus not unlike the title I program, but, at the secondary level, focusing particularly on basic-skill development to issues of attitude and motivations.

The **Chairman**. I see.

Thank you.

Dr. Grasso?

Dr. **Grasso**. Personally, I have some trouble responding to questions about the status quo.

As I think back to the situation in my home State of West Virginia, the status quo includes some training programs (some of which have been developed with Federal assistance) that appear to be very good, high-quality programs for providing training in the coal industry in health and safety and skill development. These programs could assist workers to mine coal productively and safely but, at the present time, these programs seem to be "on hold." Workers in that industry are being laid off while the Nation tries to figure out what it is going to do, what role it wants the coal industry to play in our national life.

At the same time, the status quo includes a slowdown of the economy. The economic, social, and demographic forces that I described earlier have muddied the waters and make it difficult for researchers to tell you which programs seem to be effective and which ones do not. The status quo is not as solid a foundation today as maybe it was 10 years ago. Things seem to be uncertain.

As for targeting of additional funds, I think that the evidence presented today and yesterday indicated very clearly that we need to keep our stable institutions in place and that we need to pay a great deal of attention to the problems of minorities and particularly disadvantaged youth. For those in school where schools can play a role, we need redoubled emphasis on basic skills and abilities, and on providing career information about career opportunities and sources of career training and education, to help young people get access to careers. For both in-school and out-of-school young people, we need this continuing supply of career training and education opportunities, whether they are part of the formal educational system or not.

Finally, for out-of-school youth, and particularly minority and disadvantaged youth, we need programs that will provide these youths with ways of access to jobs. Advantaged youth seem, from our research evidence, to have ways to find out about good job opportunities. These ways include their families, their friends, their neighbors, their teachers, their counselors, and so on. They find out about job opportunities But perhaps for some minority and disadvantaged youth, as they have been perhaps not well served by the regular school program, they also find themselves on the margin when it comes to getting information about good jobs or finding out how to get access to these jobs, how to conduct themselves effectively in the labor market. This is a very important part, I think, of the unemployment problem and something that the committee should address itself to.

The CHAIRMAN. Excellent.

Thank you very much.

Senator Schweiker?

Senator SCHWEIKER. Thank you very much, Mr. Chairman.

Mr. Timpane, I would like to pursue a few points that you made in your testimony.

You well defined the educational problem in the transition which was the focus, and you referred to Mr. Wirtz's definition of the problem as well. Your analysis of literacy, transferrable skills, and work-study experiences were good.

I would like to explore just two of those for a minute.

On page 11, you do define what you are doing on education-work councils, and you say there are, I believe, 33 sites in the country now under NIE auspices.

My question to you is, When do you expect to get some input back from these programs; and what is the magnitude of this program?

Mr. TIMPANE. I would be pleased to provide the exact data for you later. We do have an evaluation of those programs currently underway. It will be almost a year before the final results are in, but I will check on that and provide you with that information.

Senator SCHWEIKER. I would hope maybe you could give us an abbreviated report, because I think that will have a great deal of bearing on the rewriting of our legislation. That will be done before the year is up. So if you could get some kind of shortcut procedure to us on a highlight or summary basis, very early, I think it would be very helpful.

Mr. TIMPANE. I will be glad to do that, Senator Schweiker.

Senator SCHWEIKER. I am glad to see you involved in it. It is a helpful evaluation. It would be helpful to have some kind of short analysis before the year expires, because it will have some bearing on what we say in this legislation.

You do not know whether it is beyond 33 sites, or is that fixed at this point?

Mr. TIMPANE. As far as I know, it is fixed. Those sites have been in operation for a year.

Senator SCHWEIKER. Because this probably represents the most significant new development in the youth employment picture and your evaluation and analysis would be very meaningful to use with respect to whatever we decide to do.

Mr. TIMPANE. I will be pleased to supply that.

Senator SCHWEIKER. The second point I would like to elaborate on a minute is on page 13, your reference to the career internship program of the OIC. You are doing an evaluation now or not? Or is this the kind of program you are citing that has to be pursued?

Mr. TIMPANE. NIE has completed a comprehensive evaluation of the career internship program in Philadelphia. I would be pleased to provide you with a summary of that.

Senator SCHWEIKER. I think we may have that.

Mr. TIMPANE. An evaluation of the four additional sites has just begun.

Unfortunately, the results will probably not be available during the time that you have available for consideration of this issue.

Senator SCHWEIKER. Are you saying they are going to evaluate four more sites?

Mr. TIMPANE. Yes.

Senator SCHWEIKER. You are saying that would not be done in that time?

Mr. TIMPANE. Yes. The Philadelphia site has been fully evaluated, and the results are now available. At the request of the Department of Labor, we replicated the Philadelphia experience in four additional communities and have just begun that evaluation.

Senator SCHWEIKER. Do you have any other evaluations of some of the other projects you listed? You have Control Data Corp.'s program and Rockwell's program and Jobs for Youth and the Open Road program.

Are these something you have yet evaluated or are you just citing them?

Mr. TIMPANE. I am just citing them. They are, for the most part, to be conducted under the Youth Employment Demonstration Projects Act. The Department of Labor has evaluted some of them, and I don't know how extensive their evaluation has been.

Senator SCHWEIKER. I am pleased to see all these references.

As you know, we have a tremendous battle to get you funded in my Appropriations Committee. There is always a big argument about what you are doing: is it constructive and realistic? I think it is very realistic and very appropriate. I hope you continue to give it a high priority in terms of evaluating research or whatever on what I call a transitional problem.

You have obviously dealt with it extensively. It is a good point to make in my Appropriations Committee. It is a good point to talk about specific research and related work that has a payback to us as policymakers. Using this information, I think, will allay some of the criticism that comes up from time to time in our committee. So I think keeping that kind of priority and interest would be very helpful, not only from the standpoint of this committee, but also I think in terms of the need, because I think that the transition and the whole youth employment problem has got to be one of our highest priorities in the evaluation of the effectiveness of education.

Mr. **Timpane**. I will be pleased to assist you in that attempt in any way. We intend to keep this a priority issue.

Senator **Schweiker**. I would like to ask Dr. Swanson some questions about his vocational education testimony.

On page 12—well, on several pages, actually, you referred to the shift in emphasis from ends to means and the conflict you see unfolding between the two.

I wonder if you would elaborate a little bit about what that conflict is and how it presents a problem, as you see it?

Dr. **Swanson**. The means which I mentioned were means related to educational methodology, the legislating of educational methodology and enforcing compliance. I believe that it is the wrong direction to go because it makes the carrying out of instruction an administrative problem rather than a learning problem.

Another is the strict formula-oriented funding which essentially prevents planning. It allows only planning to fit a formula orientation for a fund flow so that planning is an accommodation to a budget rather than a budget that is an accommodation of planning. That is what I had in mind in talking about a means-oriented kind of Federal role. It is more desirable for the Federal level to deal with policy rather than with implementation.

Senator **Schweiker**. You say on page 3 that a lot of States don't have State boards of vocational education.

How many have them?

Dr. **Swanson**. All have boards of vocational education, but they do not exist, except for convenience, as boards of vocational education. They convene and say, "We will convene and designate ourselves the board of vocational education." Only about three States in this country have separate boards of vocational education. Most are boards which exist for elementary and secondary education and occasionally address the problems of vocational education because the law requires that they be so designated.

Senator **Schweiker**. You see a big advantage in having a separate vocational education board? Did I understand that correctly?

Dr. **Swanson**. There may not be an advantage in a separate board of vocational education, but there would be a great advantage in a State legislature addressing itself to the problems and questions of vocational education and training. Today the authorization for most State programs is a Federal authorization. There is an insufficient focus on the problems. The Federal law which governs, Senator, states that purposes should be in accordance with State law and it goes further to describe the State functionaries who should deal with it, such functionaries as the State board or the State agency. This gets into the question of how States should organize to deal with the responsibility. It doesn't deal with legislative action at the State level for accepting the responsibility or how the State interacts with the Federal level in implementing it.

Senator SCHWEIKER. I would like to go to Mr. Hornbeck.

You state on page 3 that you support the employability development plan but not quite the way it has been implemented, employed, or installed.

What is your essential concern that we ought to keep in mind as you see it on this approach?

Mr. HORNBECK. One is to add the school system as a full partner in the development of those plans. At the moment, that is a voluntary thing where it happens at all. It happens less often than, in fact, it takes place. Absent that role, a major ingredient is missing.

The second point is the manner in which the plan is done. In most instances that I have experienced, it is a very cursory overview kind of mechanism. It is not routed as the IEP with handicapped kids is, in an identification of the young person, a full assessment of the young person's weaknesses, and a prescription, then, a specific set of actions required in order to remedy those weaknesses.

At the moment, in most places, the employability development plan tends to fall into that category of something that people sometimes do in order to comply with something that found its way into Federal law, rather than being used as the IEP is in an effective planning manner.

Senator SCHWEIKER. OK.

Thank you very much.

The CHAIRMAN. Again, we are most grateful for all that you contributed to us, and we hope that we can look forward to future communications with you.

Thank you.

Today's final panel of experts will discuss what current labor market policies are trying to accomplish, goals for the 1980's, with regard to youth employment, and a general look at policy options available to the committee.

Members of the panel are Dr. Isabell Sawhill, director, National Commission for Employment Policy; Mr. Rudy Oswald, director, Department of Research, AFL-CIO; Mr. Frank Schiff, vice president, Committee for Economic Development, and Dr. Arnold Packer, Assistant Secretary for Policy Evaluation and Research, U.S. Department of Labor.

Dr. Sawhill, we are very pleased to start with your statement.

STATEMENT OF DR. ISABELL V. SAWHILL, DIRECTOR, NATIONAL COMMISSION FOR EMPLOYMENT POLICY; RUDY OSWALD, DIRECTOR, DEPARTMENT OF RESEARCH, AFL-CIO; FRANK SCHIFF, VICE PRESIDENT, COMMITTEE FOR ECONOMIC DEVELOPMENT; AND DR. ARNOLD PACKER, ASSISTANT SECRETARY FOR POLICY EVALUATION AND RESEARCH, DEPARTMENT OF LABOR, A PANEL

Dr. SAWHILL. Mr. Chairman, I appreciate the opportunity to be here today, particularly since our Commission has been examining this issue of youth employment for over a year now. We are currently finalizing our recommendations and will be meeting with the President next week to brief him on our findings and recommendations. At the same time, we hope to submit those recommendations to you and we would like an opportunity to meet with you and your staff at that time if that would be helpful.

The Chairman. The timing again?

Dr. SAWHILL. We will be officially submitting our recommendations to the President on November 1.

The Chairman. We will look forward to that and also the discussions that will follow.

Dr. SAWHILL. What I will do today is report essentially on what our staff has found. I cannot tell you what the final conclusions of the Commission will be because there is still some drafting of their position going on.

I have chosen in my testimony to focus on six very broad issues. The first is what should the objectives of youth employment and education policies be The second is what target groups are we trying to reach? The third is what kind of general program approaches or services are we trying to deliver to youth?

The next is what do we know about the effectiveness of current educational efforts, and what new initiatives might make sense in that area?

The fifth is what do we know about employment and training programs and new approaches that might make sense there? Then, finally, I would like to discuss a few questions of implementation at the local level.

Most of these questions that were raised at the field hearings which the Commission sponsored this year. We took testimony from over a hundred people in four cities around the country, and we heard a great deal from local program operators and citizens about what they believe the problems today to be.

On the first question, that is, the question of objectives, I think the fundamental issue is the extent to which policy should focus on providing immediate income and jobs for youth, versus the extent to which it should focus on improving long-term employability. Those two goals are not always consistent. Sometimes by providing immediate income and jobs, you are improving a young persons' long-term employability and earning ability, but not always.

To the extent that they are not always consistent goals, I think we should think more clearly about what it is we are trying to accomplish.

Employment and training programs have focused somewhat more heavily on immediate income and employment, while education programs have had somewhat greater impact on long-term employability. In the past, I believe, there has been too much attention given to the unemployment statistics, too much focus on the high unemployment rates of youth which are indeed scandalous; but I think this has led us to believe that what we needed to do was to put them into jobs. We assumed if we could bring the unemployment rate down, the problem would be solved. I think this is a disservice, particularly to disadvantaged youth who may not necessarily enter the mainstream of our economy and society as adults just because we provided them with a job while they were going through this transition period. This does not mean that we don't need to provide some immediate employment opportunities, but we should not assume that work experience programs by themselves are going to have many longterm benefits.

Many observers have commented that a number of our current programs have essentially provided mostly income transfers to the participants. If that is the case, then they are more of a paliative than a long-term solution to the problem.

Let me turn now to the second issue, and that is, Who is it that we wish to target scarce Federal resources on? In times of budgetary restraints, this becomes a particularly critical question. All of our analyses seem to suggest that youth unemployment is not a generalized problem. It is a severe problem for a relatively small group of young people along some continuum of need. Those that have the greatest problem making the transition from school into the labor market are youth from low-income families and minority youth. The research is very clear on the tremendously disproportionate impact of this problem on minority youth.

In looking at what the universe of need might be for any new set of programs, our staff said, "Let's look at all of the youth in low-income families." We found that there are about 800,000 young people who turn 16 each year and whose parents have low incomes at the time that they enter their adolescent years

If we were to take those 800,000 youth who were disadvantaged and who turned 16 each year and provided each one of them with $10,000 worth of some package of services over say a 5-year period—you could give it to them in short duration, very intensive programs, or longer duration, less intensive programs—what we would be talking about is a program which would cost $8 billion. That is quite expensive, but probably an overestimate of the cost of serving this particular universe.

The reason I say that is because you wouldn't have to assume that every youth from a low-income family was going to need special services. In fact, some of them would not wish to participate, for various reasons. If we look at the evidence from the youth entitlement program under YEDPA, we find only 50 percent of those in-school entitled to a guaranteed job are participating.

If I take that evidence and add it to my earlier calculations, we come up with a cost of serving this population of about $4 billion, which is really roughly what we are currently spending. I have taken the time to go through this little analysis—to which I should attach lots of caveats—because I think it says the problem is not necessarily that we are spending insufficient dollars on youth unemployment; it may simply be that we are not spending them as effectively as we might.

The next question I would like to address is what mix of services should be provided to youth? Clearly, different youth need different kinds of assistance, and we cannot generalize about the problem. I think this leads to a recommenation to permit some flexibility at the local level for serving youth. But I do think that, based upon all of our research, there are some generalizations that can be made about what should be the major strategies for responding to the problem.

First of all, youth unemployment, and especially minority youth unemployment, is very sensitive to the state of the economy. Even in periods of full employment, however, youth unemployment remains very high. I think this leads me to suggest that full employment is a necessary, but not a sufficient prerequisite to lowering youth unemployment.

The second thing we have learned is that some youth unemployment, but not very much of it, is due to the fact that the cost of hiring an inexperienced person may exceed their productivity initially. This would suggest that programs like the targeted jobs tax credit or other kinds of subsidized employment programs could help increase employment opportunities for disadvantaged youth.

The third thing that we have learned is that discrimination still seems to impair the labor market opportunities of minority youth and young women of both races. While equal employment opportunity programs are important to counter this problem, I think we must go beyond them to find other mechanisms which will overcome cultural stereotypes in the labor market. I believe that greater exposure of minority youth and employers to one another would help, whether through internship programs, subsidized work experience, or what have you.

The fourth thing that I think we have learned is that educational handicaps are a major cause of the employment problems of disadvantaged youth. Our secondary schools are turning out a large proportion of graduates who don't have the basic skills. I know you have heard a great deal about this issue from the previous panel, so I will not elaborate except to say that I found myself very much in agreement with most of the former witnesses.

Not only is there a lack of basic skills among high school graduates, but as you heard this morning, dropout rates in some of our city school systems are very high. I think everybody has been quoting the recent New York Times article that indicated that in New York City about half of those entering high school are not graduating.

The fifth thing we have learned is that even when youth are prepared for work, those who come from minority groups or disadvantaged families simply do not have the informal networks through which most of our children find jobs.

I noticed that Dr. Grasso mentioned this point as well, and I want to support his statements on this point. These youths need some kind of special help in learning how to search for jobs, and they need some kind of surrogate mentor to help them with access to the labor market.

Let me turn now to our two current programs which are directed toward improving the employment and employability of youth: education and employment and training programs.

Our review of past experience with education programs suggests that vocational education has had a limited impact on youth employability. However, I do think that it has some potential to motivate youth to acquire the basic skills.

I think you heard from some of the previous witnesses that when youth are not ready to learn, when they are not motivated to improve their own basic competencies, no program offering them remediation will be particularly effective.

Perhaps vocational education courses are one way to buy some motivation, but we are more sanguine about what could be accomplished through an expansion of compensatory education programs in the secondary schools.

I think that we also need to think about delivering remedial education through institutions other than the public schools, whether it be CETA or various kinds of community-based organizations. Some competition between service deliverers at the local level might not be a bad idea, and it certainly increases the number of options for the youth themselves.

Turning to what we feel we have learned from our review of employment and training programs, it is that they have provided jobs and more income than would have otherwise been available to youth; but, with some notable exceptions, I don't believe that most of them have had a major impact on the long-term employability of youth.

One of the major exceptions, by the way, is the Job Corps. The recent evaluations of that program, which I am sure Assistant Secretary Packer can elaborate on, are very positive. One of the reasons is that the Job Corps involves total remediation. It is an expensive program. We don't attempt to overcome years and years of accumulated deficits by 9 weeks of an inexpensive work experience program.

Let me turn to some implementation issues. Our hearings over the last 6 months identified five key factors which seem to be a prerequisite to successful programs at the local level.

One is a stable program and funding environment.

A second is consistency of goals, some understanding of what it is that we at the Federal level are trying to accomplish.

The third is trained and experinced staff. No program, no matter how well designed at the Federal level, is going to be effective if it is not delivered by dedicated and competent people.

The fourth is sufficient flexibility to accommodate widely varying local and individual needs.

The fifth is improved coordination between CETA, the education system, and the private sector. In my written testimony I suggest some ways in which these problems might be handled, but I think in the interests of time 'I would like to conclude now and hope that we can have some discussion of all these issues later on.

Thank you very much.

The CHAIRMAN. Thank you very much, Dr. Sawhill. Your contributions are greatly appreciated.

[The prepared statement of Dr. Sawhill follows:]

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Testimony of

Isabel V. Sawhill
Director
National Commission for Employment Policy

before the

Senate Committee on
Labor and Human Resources

October 24, 1979

Mr. Chairman and Members of the Committee:

I am pleased to have the opportunity to appear here today to discuss the issue of youth employment policies for the coming decade. The National Commission for Employment Policy has been examining this issue for over a year. To support the Commission's effort, our staff has sponsored a number of activities including an evaluation of current and past programs, a review of the research on the causes and consequences of youth unemployment, and a number of meetings and seminars with experts and practitioners in the fields of both education and employment. In addition, the Commission held eight days of hearings in four cities: Detroit, Memphis, Los Angeles, and Philadelphia, at which we took testimony from over 100 witnesses. A draft report summarizing what we have learned is now available and is being reviewed by various experts. This report discusses the issues I will address today in much greater detail.

I want to emphasize that my testimony represents an interim staff report and does not represent the final conclusions of the Commission. At its last meeting on October 12, the Commission began the process of formulating recommendations and these will be forwarded to you before the end of the year. I'm sure I speak for the Chairman of the Commission, Dr. Eli Ginzberg, and all of its members in expressing my hope that this interim review and our final recommendations will be helpful to the Committee and that you will feel free to call on us for further assistance.

In my testimony today, I will briefly discuss the following six issues:

--Objectives: What do we hope to accomplish through any set of youth employment policies?

--Target Groups: Who do we wish to reach with these policies and who should be eligible for various kinds of assistance?

--Program Mix: What mix of programs is most likely to be effective in meeting our objectives for youth? For example, how much emphasis should be given to education relative to employment?

--Educational Programs: What particular strategies are most likely to be effective in improving the educational competencies of youth?

--Employment and Training Programs: What changes, if any, are needed in youth employment and training programs?

--Implementation: What can federal policy do to insure that services are more effectively delivered at the local level?

A brief discussion of each of these issue areas follows.

OBJECTIVES

The fundamental question here is the extent to which policies should focus on providing immediate income and employment opportunities or on improving long-term employability. Policies which provide immediate income and employment are not necessarily the same as those which improve an individual's lifetime earnings potential. In-school work experience programs, for example, are tilted toward meeting the former objectives, while educational programs focus more heavily on the latter.

No one would argue against the worthiness of providing employment to youth who seek work or of improving their employability. But neither can be achieved for free and the pursuit of one goal could even be at the expense of the other. This tradeoff could exist for three reasons. First, given scarce resources, the more money spent on pure job creation, the less can be spent for development outside of the work environment or enrichment of the work experience itself. Second, the time spent by the youth themselves in employment reduces the amount of time available for other activities, including education and training. Third, pursuit of the employment goal by the federal government may provide an incentive to some youth to drop out of school in order to take the jobs that become available.

In the past, the major emphasis of federal employment and training programs for youth has been on employment. Educators, on the other hand, have tended to emphasize employability and have shown less concern for the immediate employment problems of the young people they serve.

What is the appropriate balance between the two goals? The answer depends partly on the age and situation of the individual being served. It is tempting to dismiss the high unemployment rates of youth as nothing more than the normal symptoms of transition to adulthood. Many people need time to settle down. Indeed, there is serious question about the accuracy and relevance of the conventional unemployment statistics when applied to a group with marginal attachment to the labor force. The real question may not be whether they are employed or unemployed, but whether the activities in which the youth participate have long-term payoffs, for themselves and for society. For some youth at some times in their lives the most important activity in which they can engage is education. The employment goal should be secondary and employment should be considered as a means of preparing the individual for subsequent roles, not as an end in itself.

Beyond some point, which is difficult to fix and which people reach at different ages, employment emerges as the more important goal. The minimum criterion for determining that that time has come is that the individual is capable of performing a productive role in the labor market if given the chance. Employability development should still be important, but it becomes secondary. One problem with the existing systems of education and employment is that each system tends to specialize, making it difficult for youth to make a gradual transition from the pursuit of employability development to the pursuit of employment.

As stated by the President of the Interstate Conference of Employment Security Agencies, Glenn W. Nichols, at the Commission's field hearing in Los Angeles in June:

> Educators have long recognized that, in terms of learning academic subjects, there is a continuum of steps in a very long and complicated process called educational development...learning how to earn money requires a developmental process.
>
> The employability development process is similar to the educational process in that certain fundamental steps are first necessary before other, more complicated steps are undertaken. One has to learn, for example, what is involved in a job assignment before one can supervise others in that job...employment and training policy must recognize that at any one point in time a person can secure employment but the employability process continues.

Finally, I want to note that one can productively occupy a teenager's time without paying him or her a regular wage (as when he or she is in school). Conversely, one can pay him or her a wage without productively occupying the time (as in some "make-work projects"). I believe we need to be clearer about when our objective is to provide learning experiences to youth, when it is to provide them with income maintenance, and when it is to provide valuable output for the community. Education and training programs fall clearly in the first category, income transfer programs in the second, and voluntary service programs in the third. Employment programs are very much a hybrid which can be tilted in any one of these three directions. In principle, if properly designed and funded, youth employment programs can meet all three objectives simultaneously. In practice, they have tended to provide mostly income maintenance for the participants.

TARGET GROUPS

While it might be desirable to serve everyone, limited resources make it necessary to carefully target any new assistance. Our staff's analysis suggests that along some continuum of need, the labor market problems of low-income and minority youth are particularly severe. Black and Hispanic youth still have unemployment rates much higher than those of white youth and a far smaller proportion of each of these groups is employed; indeed, along both dimensions the position of black youth has been deteriorating. This is not to deny the progress that has occurred: the black youth who do have jobs are earning wages which are much closer to those of white youth than was true even a decade ago.

Taking family income as a reasonable proxy for those who are most likely to be disadvantaged in the labor market, our staff has estimated the universe of need for a youth program. We calculate that there are about 800,000 youth in low-income families (70 percent of the BLS lower-living standard) who turn 16 each year. (By measuring family income at age 16, we avoid the problem of picking up emancipated minors from relatively affluent families.) If we were to provide each such youth with $10,000 worth of services, on average, over, say, a five-year period until they were age 21, the program would cost $8 billion. It is unlikely, however, that every low-income youth would want to participate. Only about one-half of the eligible students in the Entitlement program under the Youth Employment and Demonstration Projects Act are actually participating in this guaranteed jobs program. Thus, the true cost might be closer to $4 billion. This is approximately what we are spending currently for employment and training assistance to youth.

There are a number of other targeting issues which I would like to highlight. First, the larger the target group, the less intensive the assistance which can be given (assuming a limited budget). Second, care should be taken not to establish eligibility rules which lead to perverse behavior (e.g., youth may become unemployed or leave school if these are eligibility conditions for a stipended program). Third, eligibility can be made conditional upon meeting certain performance standards in each phase of a sequenced program. There appears to be a growing consensus that such performance standards are desirable. They would not only cut the size of the eligible pool for the more expensive program components but more importantly increase the value of program completion in the eyes of participants and employers and weed out youth who are not motivated to improve their own employability.

PROGRAM MIX

A decision about what kinds of programs to put in place depends in large measure on one's diagnosis of the problem. Thus, in our study of youth unemployment, we have attempted to sort out the reasons for their difficulties. These reasons can be put into three categories: those associated with a lack of jobs; those that relate to the characteristics of youth themselves; and those that involve the mechanisms through which young job-seekers are matched with job vacancies. These causes interact, but it is useful, especially in developing policy, to attempt to distinguish among them.

Youth employment, especially minority youth employment, is particularly sensitive to the state of the economy; in a recession, their employment losses tend to be relatively greater than those incurred by older workers. But even in a period of strong demand, employers tend to place youth toward the back of the hiring queue. Legal and social floors on wage rates, as well as youth's own preferences, limit the degree to which youth can move ahead in the queue by offering to work for lower wages. An additional reason for their unfavorable position in the hiring queue is discrimination which is especially acute among minority youth. Another factor that contributes to youth unemployment is a growing imbalance between the types of jobs that employers need to fill and the qualifications of youth. Finally, the huge growth in the size of the youth labor force in recent years, and, to a lesser extent, the growth in the number of women and undocumented workers, has also increased the competition for jobs.

Not all of the problem can be blamed on a lack of jobs. Whatever the number of available opportunities, youth would be in a better position to compete for them if they were better prepared for work. Their chances of success are reduced by a lack of basic reading, writing, and mathematical skills; poor credentials (e.g., lack of a high school diploma); unwillingness to accept the kinds of jobs for which they qualify; and poor work habits or attitudes. Employers look to educational attainment and previous work experience as indicators of whether a job candidate will succeed. Minority youth, despite considerable progress in recent years still are behind other youth in educational attainment, basic skills, and experience. Also, some are reluctant to take certain kinds of entry-level jobs for fear that they will never break out of that market; the experience of their parents provides a basis for these fears.

Finally, lack of knowledge of the world of work, how to look for work, and how to conduct oneself in a job interview are serious impediments for some youth. For youth whose families and friends do not participate in good job networks, finding work can be particularly difficult.

Following this diagnosis, there are a number of policy options which might be used to achieve the employment and employability development goals mentioned earlier. The options for increasing job opportunities include: macro-economic stimulation, targeted job creation, minimum wage reduction, antidiscrimination activities, and reducing the number of undocumented workers. While it is clear that macroeconomic stimulation increases job opportunities for youth, and that without it all other policies simply reshuffle opportunities, by itself it will certainly not eliminate the relatively high rates of youth unemployment or the differentially poor prospects of minorities. Subsidized job creation and changes in the minimum wage are two additional ways of stimulating demand. Both involve reducing the costs of employing youth, with the former being more costly to the federal government, but probably more effective and acceptable. Vigorous enforcement of laws prohibiting discrimination against minorities and women continue to be needed, but it would be impractical and possibly counter-productive to extend coverage to all youth. Finally, although undocumented workers are probably in competition with some youth, it would be difficult to reduce their numbers without curbing civil liberties and jeopardizing our relationships with other countries.

The options for increasing the qualifications of youth and improving their ability to find employment also follow directly from the earlier discussion of some of the causes of youth labor market problems. Improvement of basic educational competencies for those who have not mastered the three Rs is critical, and will become all the more important as our economy becomes more technologically sophisticated and paper oriented. Specific skill training is less important since many skills can be learned on the job but early exposure to vocational training should be considered as a means of motivating the participants to stay in school and to acquire the more basic skills. Improvement in basic socialization and motivation for both education and work is probably important for some youth. However, it is not clear what could be done by the federal government that would have a major impact.

The options for improving labor market transitions include: increasing young people's general knowledge of the world of work and of different career options; providing them with more specific information about job vacancies in their own labor markets; and teaching them how to search for and obtain employment. These activities are especially important for youth who have not been exposed to successful adult work patterns and who do not have access to good informal job networks.

EDUCATIONAL PROGRAMS

Assuming that better preparation for work is part of the solution and that the educational system is to play a role in improving the employability of youth, there is the further question of what this role should be. The possibilities include an expansion or improvement of vocational education, compensatory education, and cooperative or career education.

The potential role of vocational education is to provide skills which will give the participants access to particular jobs and/or to motivate youth to stay in school and acquire basic skills, work habits, and a diploma. The state of the art in program evaluation precludes definitive assessments about this or any of the other programs reviewed. But it appears that, on average, vocational education improves the immediate employment prospects of its graduates by only a small amount. For young men, there is no lasting impact on their employment stability or earnings. For young women, there do appear to be long-term positive impacts, related particularly to the acquisition of clerical skills.

Career education is a much smaller and newer program. It encompasses a variety of activities to expose students to the world of work and work values and to make their education more relevant to their career development. Thus far, career education has mainly benefited middle class youth. Its potential for helping disadvantaged youth appears limited.

Major federal involvement in compensatory education began with Title I of the Elementary and Secondary Education Act of 1965. Since the youth who participate in these programs are mostly very young, we cannot observe a direct link between compensatory education and success in the labor market, but we can ask if cognitive skills are being increased as a result of the programs. The answer appears to be yes. Recent evaluations of Title I indicate that educationally disadvantaged youth are, on average, gaining in reading skills as a result of the programs being sponsored with these funds. An important issue, which is now being studied by the Office of Education, is whether these positive impacts are sustained beyond the students' participation in the compensatory program.

While any new set of legislative initiatives needs to focus on the current educational handicaps of disadvantaged youth, it is not clear how federal funds can be used to leverage the educational system on behalf of such youth--given the strong tradition of local funding and local control of the educational establishment and its mainstream orientation. Some argue that little progress will be made unless the existing school system can be made more effective. Others contend that alternative educational institutions, including programs developed by community colleges or by the CETA system, will have to play a larger role in providing second chance opportunities for those who have been failed by the public schools.

EMPLOYMENT AND TRAINING PROGRAMS

Employment and training programs encompass a wide range of activities, from short-term work experience programs to intensive training and other services in residential centers (the Job Corps). In addition, the enactment of the Youth Employment and Demonstration Projects Act (YEDPA) in 1977 introduced several new program initiatives, which are currently being operated and assessed.

Evaluations of job creation programs for youth--the largest program being the one for employing youth during the summer--indicate that they have been successful in increasing the employment levels of youth beyond what they otherwise would have been. Their primary goal has not been to develop the participants' employability, and the assessments indicate that little, if any, employability development has occurred. One premise of earlier work experience programs funded as part of the Neighborhood Youth Corps was that the provision of jobs would enable more disadvantaged youth to stay in school; this appears not to have occurred. The new Youth Incentive Entitlement Pilot Projects, authorized under YEDPA, have the same objective. In fact, this program explicitly links job entitlement to school attendance and performance, but it is too early to tell whether this strategy is succeeding.

Training activities include institutional skills training, on-the-job training, and the Job Corps. These programs are all intended to improve the employability and earnings of participants, most of whom are economically disadvantaged. Although the methodological problems in measuring the long-term impacts of such programs are severe, it appears that, in general, the programs have succeeded, although success varies with the quality of the training, equipment, supportive services, and job placement assistance provided.

The Job Corps, which tends to enroll the most seriously disadvantaged of any of the major employment and training programs, appears to produce significant earnings gains, more employment, and less crime among those participants who stay in the program for a sufficient period of time; for early dropouts, the program does not provide any measurable benefits. This link between program duration and benefits is also found in other training programs.

From our review of employment and training programs, it appears that it is relatively easy to provide employment for youth, but much more difficult and expensive to improve their employability. The activities that succeed tend to be costly. It is simply not reasonable to expect that problems which may have been accumulating over many years can be eliminated easily.

IMPLEMENTATION

Even if there were a consensus on what group of youth are most in need of services and what services they need there remains the challenge of how to deliver these services.

The challenge would be great even if we were dealing with one federal department, one piece of legislation, and one program activity. Instead, we have two separate departments: the Department of Labor and the Department of Health, Education and Welfare, which not only share responsibility for the activities necessary to make youth employable, but which also contain numerous separate divisions to oversee programs. We have five major pieces of legislation which provide federal money for these activities: the Elementary and Secondary Education Act, the Vocational Education Act, the Career Education Incentive Act, the Wagner-Peyser Act and the Comprehensive Employment and Training Act. Through this legislation we must involve and mobilize the education system, which is controlled at the state and local level and to which federal dollars contribute only about 8 percent of total expenditures. We must involve the employment and training system, which although it is 100 percent federally-funded, is operated entirely by states and localities. And we must involve the major source of jobs--the private sector.

What then can be done?

One radical idea might be to start over. This idea might be worth thinking about over the next five years. Congress might create an education, training, and employment act for youth 14 through 19 which would combine portions of ESEA, CETA and the Vocational Education Act.

But there are a number of less dramatic changes which can be considered in the interim. Our hearings and research findings consistently identified five key factors which are crucial to the effective implementation of youth employment programs:

--a stable program and funding environment

--consistency of goals

--trained and experienced staff

--sufficient flexibility to accomodate widely varying local and individual needs

--improved coordination between CETA, educators, and the private sector

In many ways these factors are intertwined. For example, if you have a stable funding environment, you have more time to plan and implement programs and a better chance of attracting and retaining experienced staff. Witnesses at the Commission's field hearings stressed the difficulty of undertaking programs and engaging in long-term planning with a system which operates on almost a year to year basis. They noted that funding uncertainty, combined with changing goals and priorities contributes to staff turnover, and to the abandonment of approaches after start-up costs have been incurred but before real returns are reaped.

Some consideration might be given to the following as ways to improve program implementation:

(1) The youth portion of CETA could be authorized for five years and the provision for forward funding activated. The Elementary and Secondary Education Act and the Vocational Education Act have five-year authorizations and are forward funded. Ideally, the entire CETA legislation might be handled in this manner. This would indicate Congressional commitment to building an effective program infrastructure at the local level.

(2) Program goals and thus measurements of performance could be more clearly defined. The objectives of meeting short-term income needs, providing valuable output for the community and increasing long-term employability are not necessarily mutually exclusive, but our hearing witnesses definitely indicated that there was some confusion in their minds about federal objectives. Many felt that the primary goal for youth should be long-term employability development.

(3) Almost all observers agree that the quality of local staff is a critical factor in the success of any program. CETA has not put sufficient emphasis on staff motivation and development in the past. While the major education laws provide for personnel training, it might be useful to examine these to determine what they are actually accomplishing.

(4) It was the consensus of those participating in the Commission's hearings that youth programs should be consolidated into one authority. It was agreed that simplifying the delivery system by such a consolidation would improve program efficiency and reduce applicant confusion.

(5) Coordination is a relatively easy objective to mandate, but a difficult one to achieve. A major innovation in the Youth Employment and Training Program was the 22% set aside for in-school youth programs to be carried out through agreements between prime sponsors and local education agencies. Both our field hearings and preliminary evaluations of the set-aside indicate that it has led to increased collaboration and to increased awareness among educators of the importance of employability development and the role of the schools in developing it. On the basis of this preliminary evidence it would seem wise to continue the set-aside under CETA and to consider a similar set-aside in both the Elementary and Secondary Education Act and the Vocational Education Act to coordinate with CETA.

Another possibility would be to rely more heavily on discretionary as opposed to formula-funded grants with built-in incentives for coordination. Such discretionary funds might be jointly administered by several federal departments.

Finally, the Private Industry Councils, by virtue of their independence and the community standing of their members, have a great potential to promote coordination between education, CETA, and the private sector. This could aid in developing a comprehensive planning and service delivery system at the local level.

While these issues are complex and we do not have all of the answers, the Commission and its staff hope to be of help to you in developing effective solutions.

The CHAIRMAN. We will now hear from Dr. Rudolph Oswald, director of research, AFL-CIO.

Dr. Rudolph Oswald.

Dr. OSWALD. Thank you, Mr. Chairman.

I appreciate this opportunity to present some of our concerns. I will ask that my full statement be made a part of the record.

The CHAIRMAN. It will be made a part of the record at the conclusion of your testimony.

Dr. OSWALD. I would like to use this opportunity to emphasize three factors which I think are predominant in the impact of policies and programs as they affect youth employment.

The first problem and issue is clearly full employment. Unless the policies and programs of the Nation lead to full employment, then those policies will not allow the country to deal with the issue of youth unemployment.

As Dr. Sawhill indicated, there is a clear coordination between full employment and youth employment. By providing the overall framework for increasing employment, we provide the basic underpinning for movement toward full employment.

The second basic issue deals, I believe, with discrimination. As Dr. Sawhill indicated, there clearly is a problem of higher youth unemployment, particularly in terms of that experienced by minorities. Until we address the problem of discrimination as it applies not only to youth but to adults, throughout society, we will not be able to deal with the specific problems of youth unemployment, and its particularly high incidence among minority groups.

The third aspect that I would like to talk about is basically the issue of how people find jobs. It was referred to earlier in terms of an informal network of jobs.

In our society, currently, there is no central clearinghouse for jobs, and the availability of jobs basically goes to those people who know somebody, and those people who know somebody in America are those people who already have jobs or those people who have better jobs. We have suggested for a long time that there be a requirement that employers list all jobs with the employment service so that there would be equal access to job opportunities for all people.

That applies again to adults as well as youth, and we believe that one of the most important elements for allowing equal access will be obviously breaking the monopoly of the current informal network which gives precedence, in essence, to those who have status in our society.

The fourth element, of course, deals with what you have been talking about for most of the hearing, and that is, adequate basic education and specific job training.

We believe that this is an element that applies clearly to youth in terms of providing youth with the resources to take advantage of that first job opportunity, and providing adults with the continuing ability to change jobs.

Basic education is a prerequisite for having the ability to apply for adult remedial education and continuing education. Adults are often involved in job-oriented training, and in some cases, retraining. If we don't have those job opportunities, unemployed workers should get guidance, counseling and other items.

There are a couple of areas in which I would like to take exception to what was spoken of earlier. One of those items was the emphasis on tax credit approaches as being an effective means of job creation. We believe that the tax-credit approach, in essence, pays employers for what they were doing anyhow in terms of employing people. It does not target the money to those people who need it the most. Contrary to the argument that was made earlier that it is effective in terms of providing a sort of payment to employers to make up for the inexperienced workers' lack of productivity, we find that the jobs that pay so little are the jobs learned in a day or two of work on the job. And yet the tax credit is given for 2 years. While the productivity of the person is essentially obtained on the job in a couple of days of experience.

The other element we would emphasize is that enough attention be given to the instructors in the program, so where instruction is job-related, the instructors are appropriately skilled in terms of the particular elements of the particular job.

I would emphasize our continued, strong support for vocational education as an essential element for providing some sort of connection between work and school for those people who are not interested or concerned with higher education college training that goes with certain occupations.

In this respect, I would like to emphasize the continued work of a number of unions in terms of apprenticeship programs, as well as a means of providing a continuous training program for the skilled trade.

Of course, you are familiar with other union outreach programs, and programs in by our Human Resources Development Institute and other union training activities.

But I think the one element that faces the country most glaringly as we prepare for the eighties is whether we prepare for full employment policies that will allow the rest of the programs to work, or whether we let full employment somehow be sacrificed in the name of inflation-fighting or something else that does not become correlated with full employment or unemployment, and whether we really achieve full employment, so youth employment policies can work.

The CHAIRMAN. We will be back for discussion. I hope there will be time for all of us.

That was a most valuable statement, Mr. Oswald. We appreciate it.

We will now hear from Mr. Frank Schiff, vice president, Committee for Economic Development.

Mr. SCHIFF. Thank you, Mr. Chairman. I appreciate the opportunity to appear here today in a personal capacity to discuss youth and employment policies for the next decade.

Youth training and employment policies for the next decade must be directed at two major goals: One is to equip our youth generally with the education, skills, and adaptability that will produce a highly productive labor force in the 1980's, and will avoid the emergence of inflationary skill bottlenecks; the other is to eliminate the chronic unemployment and inability to cope with the world of work that now affects such a disturbingly high percentage of youth.

These goals must be pursued simultaneously; to neglect one at the expense of the other would be self-defeating.

In commenting on how such goals can best be achieved, I will draw particularly on CED's 1978 policy statement "'Jobs for the hard-to-employ: New directions for a public-private partnership," for which I served as project director. That statement held that much of what needs to be done does not have to involve brand new approaches but can build on successful cases of public-private partnerships that already exist, though often only on a relatively small scale.

It also held, however, that greatly enlarged reliance on these approaches will require much wider dissemination of information about successful programs; stronger institutional mechanisms to mobilize concerted support by business and other elements of the private sector; greater use of intermediary organizations; and improved financial incentives.

We have been very pleased to see that since publication of the CED statement, business support for a strengthened public-private partnership in the training and employment areas has markedly increased. Moreover, the new private sector initiative program under title VII of CETA and the targeted employment tax credit offer a major opportunity for implementing the kind of approach we advocated. Incidentally, I should note that I would have some differences with Mr. Oswald on the targeted tax credit.

I believe that much of the solution to dealing with the youth employment problem in the 1980's similarly lies in making much wider and improved use of approaches with which we already have considerable experience. In particular, action is needed along the following lines:

First, in most school systems, there is need for greatly expanded efforts to make exposure to the world of work an integral part of school experience—by relating vocational and career education more realistically to the requirements of the job market, by giving students greater exposure to actual work experience through workshops and cooperative education programs, and by greatly improved career counseling and occupational information.

Such programs will not only be of major aid in the transition of students to regular private employment but can in many cases also be a key factor in preventing them from dropping out of school.

Making such programs effective, however, calls for much greater cooperation between schools, business, labor unions, and other community elements than has typically been the case to date. Business and labor must be willing to help schools in modernizing curriculums for skill training, in furnishing needed tools for classroom use, in giving special training to vocational education teachers, in providing its own employees as volunteer instructors, and also in giving students opportunities for part-time work experience. Schools, for their part, must be willing to accept such help, to allow greater flexibility in classroom schedules that will allow youths to take advantage of work opportunities, to upgrade the quality of vocational training centers, and so on.

A particular need exists for devoting greater effort and resources—including, where appropriate, larger Federal resources—to the development of programs targeted at disadvantaged students who encounter special difficulties in school, lack motivation for overcoming these problems, and seem destined to become dropouts.

A promising approach for dealing with such youngsters is to place them for at least half of each schoolday in workshops that train them in specific skills and to make remedial education in basic school subjects directly relevant to the tasks performed in the workshop.

Here, too, a cooperative effort by the private sector and the school system can be especially fruitful. This has, for example, been demonstrated by the successful "academy" or "school-within-a-school" program in Philadelphia high schools under which disadvantaged innercity youths who cannot meet entry requirements for regular vocational schools are able to participate in special 3-year programs that can lead to careers in the electrical and electronics field, in automotive repair, and in business administration.

The academy program places students who otherwise would have almost no chance to remain in school into realistic workshops designed with industry help, and then relates special remedial class work very closely to the workshop experience. For example, when these students need to do arithmetic, or to acquire various kinds of reading skills, these needs are very directly related to the kind of things they are doing in the workshops.

I think the results of these programs look quite promising.

In many communities, elements of these various approaches already exist. What is usually still needed, however, is to enlarge the scope of these efforts significantly and to bring them into a coordinated system—a mechanism for assuring continuing commitment that all the parties concerned will actually work together and that the needs of the youth involved will actually be met.

Future governmental policies should place especially strong emphasis on supporting effective mechanisms for such collaboration.

Second, there is need for much closer and more effective cooperation between schools, business, labor, and governmental agencies in identifying job opportunities and skill needs and in matching youths with appropriate jobs or training programs. The new private industry councils should be particularly helpful in initiating and coordinating such efforts.

Third, to deal with the critical problems of out-of-school youths with severe disadvantages in the labor market, ways must be found through which the types of specialized services that already work effectively for some of these youths under some programs can be extended to all those in need and allow them to move into useful and continuing employment.

Of course, the problems faced by these youths are by no means all identical. Most serious, clearly, are the problems of the many disadvantaged youths who have dropped out of school, have no motivation to work, and lack the most elementary capacities to cope with the world of work. Others have the capacity to operate in a work environment but lack the skills and other requirements for securing decent jobs. Still others may be barred from jobs by discrimination or transportation difficulties.

Remedial programs must be carefully tailored to the particular needs of the youths involved. It seems to me, however, that the most successful of these programs have tended to have a number of common features. They are focused on individuals. They stick with the youths on a continuing basis and make sure that he or she does not simply get lost in a maze of uncoordinated programs and bureaucracies. They ask for certain standards of performance by the youths and, in return, hold out the prospect—or in some cases, even a guarantee—of a job at the end of the process. And they provide for followup counseling on the job and hold out the possibility of a second or third chance for those who do not make it in the world of work on the first try.

On page 6 of my testimony I give some examples. I won't read these. They include the very successful entry level training department of the Chrysler Institute, the OIC's which essentially do have a guarantee of a job at the end of the line, and various private industry councils. I cite particularly the one in New York that has already had considerable success.

There is the vocational foundation in New York and jobs-for-youth in Boston, New York, and Chicago, which train some of the very hardest to employ youngsters, and helps them to be placed in nonsubsidized employment.

There is also the experimental Manpower Demonstration Research Corp.

These and similar programs are still subject to various kinds of evaluation, but enough information about their effectiveness already exists to suggest that decisions should soon be made about the kind of programs that should be significantly enlarged, and about the common features of such programs that could be much more widely applied.

Fourth, a harder look is needed to determine whether eligbility requirements for programs targeted at disadvantaged youths may not in fact exclude an important number of youths who face severe handicaps in entering the labor market. This is of concern to many people who run these kinds of programs.

A widespread current complaint among businessmen and program operators is that this is precisely what is happening in connection with on-the-job training and other skill training programs under the new CETA private sector initiative program.

Thus, an unemployed 19-year-old innercity youth in a family of four in Chicago does not qualify for on-the-job training if his total family income exceeds $8,289, that is the maximum amount that a family can receive in that city to count as economically disadvantaged and be eligible for CETA programs.

Yet this 19-year-old may have no marketable skills and face a strong prospect of chronic unemployment unless he is given some chance to acquire such skills. Moreover, if one of the other members of the family had slightly lower earnings or if he lived by himself, he might be eligible for such CETA programs.

I have not yet had an opportunity to explore these arguments in full detail, but they strike me as significant enough to deserve very careful further investigation. Perhaps the problem could be remedied by allowing modifications or exceptions from the strict family income rule—at least for a specified percentage of youths participating in particular programs—if it can be certified that their lack of skills and other factors give them a serious handicap in the labor market.

It would also be highly desirable to develop better statistical measures of the relation between a person's employment status and his or her individual as well as family income, as has recently been recommended by the National Commission on Employment and Unemployment Statistics.

Fifth, there will be a continuing need to build institutional mechanisms that will facilitate strong and sustained involvement of the business leadership in efforts to deal with youth employment. I hope that the new private industry councils will play a major role in this area and that they will have strong support by the Congress. To be effective, however, such councils must be given real responsibility by prime sponsors for carrying out meaningful tasks; otherwise, business people will simply not be interested in active participation.

Sixth, there should be continuing experimentation with providing incentives and removing disincentives for youth employment both as these relate to employers and to job seekers. By no means all the needed incentives are financial. Willingness of employers to participate in Government-sponsored training programs may often depend less on specific financial incentives than on assurance that private industry councils or other intermediary organizations will minimize the redtape under Government contracts and deal with special counseling needs of the trainees.

However, for small firms, in particular, financial assistance can be of key importance, and more may have to be done to tailor the amount of such assistance to the true costs of training or employing disadvantaged youth in particular circumstances.

For youths, the most powerful incentive clearly is the guarantee of a job. I personally believe that wider experimentation with such guarantees—particularly where they can be obtained from private employers—is clearly desirable, provided they are given as a quid pro quo for stated performance of the youths in a training program.

Finally, there is need to make better advance preparation for the impact of recessions or economic slowdowns on young people who have already secured useful jobs. Even mild recessions can have serious effects on the employment of such youths: Having been among the last to be hired, they are also likely to be among the first to be fired. This is not merely an issue for the next decade, but could also be of more immediate concern of the economy should, as is widely predicted, experience a significant slowdown over the coming year.

One possible solution to this problem is to encourage wider use of work-sharing as an alternative to outright layoffs. This could be done by changing unemployment insurance provisions to permit payment of insurance for single days when firms go on a 4-day week. I believe that wider use of such a provision deserves very careful consideration. It has already been adopted by California, could be facilitated by a change in Federal standards and would not have to entail an added drain on the budget. Another possibility would be to provide enlarged government subsidies for firms which provide skill upgrading programs and other training opportunities as alternatives to layoffs and recessions.

In conclusion, let me say that the strategy really has to be a twofold one. One certainly is to build up good programs and make the most of those, as I have said here. But I think it is not enough simply to have a lot of small, well designed programs that work beautifully, but that remain small and experimental.

The other needed element of the total strategy is to look at the overall problem to see how much of the total population that should be served is being served, and to see how one can go from those programs that work well to that total population. That is the real challenge. That is why there is a need for mobilizing much wider resources from the private sector, and for developing more of a system to bring all of these resources into the total.

Thank you, Mr. Chairman.

The **Chairman**. Excellent. Thank you very much.

[The prepared statement of Dr. Oswald follows:]

STATEMENT BY DR. RUDOLPH OSWALD, DIRECTOR OF RESEARCH, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS, TO THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES ON YOUTH AND THE WORKPLACE: PERSPECTIVES FOR THE COMING DECADE

July 12, 1979

I appreciate this opportunity to present some of the concerns of the AFL-CIO about the education, training, and employment needs of America's young people in the decade of the 1980's and about the transition from school to work. I want to present some of the youth employment goals and policy options as seen from the perspective of organized labor.

One key point is an essential preface to all our discussions of the transition from school to work and our discussions of education, training, and employment for youth.

Full employment is the basic prerequisite for an effective and comprehensive array of programs to achieve successful youth transition from school to work. Education, training and employment programs for young people can be effective only within the context of a healthy, expanding, full employment economy. Economic growth and full employment are essential if this nation is going to deal properly with the employment needs of young people as well as of adult workers.

Unfortunately, the American economy falls far short of full employment. With persistent high unemployment affecting all workers, it's not surprising that young people and teenagers are particularly hard hit.

The Humphrey-Hawkins Full Employment and Balanced Growth Act of 1978 represents a small step forward in the national commitment to achieve full employment. The AFL-CIO supported the original full employment commitment of this legislation and earlier we supported passage by Congress of the Youth Employment and Demonstration Projects Act of 1977.

We recognize the critical problem of youth unemployment and particularly the problem of teenage unemployment -- with about one out of five teenagers and one out of three black teenagers counted among the unemployed.

The low labor force participation for black teenagers suggests that even these horrendous unemployment figures understate black teenage unemployment because of widespread "hidden unemployment" and "discouraged worker" unemployment of those who give up looking for non-existent jobs.

Slow economic growth and recessions leave the American economy without enough jobs for our growing labor force. Education and training are fine -- but if there's no job at the end of the education and training, there's just more frustration for the people without jobs, no matter how good their education and training.

To some degree, demography is going to alleviate the youth unemployment problem in the 1980's. The drop in the birthrate during the 1960's indicates an actual decline in the number of young workers in the 1980's.

But there are other problems. Residence in depressed inner cities adds to youth unemployment problems. So do race and age discrimination. Changing technology, changing industry structure and location, changing occupational needs also diminish job opportunities for less experienced and less skilled workers, particularly young workers.

So it is clear to us that the employment problems of young workers are essentially no different from the employment problems of other less experienced and less skilled adult workers. They all need a good basic education and remedial education and continuing education. They all need good job-oriented training or retraining. They all need good job-oriented guidance and counseling and orientation and assistance to adjust to the realities of their own labor market. They all need training and jobs that offer hope for upward mobility.

And, of course, they all will find their employment and income needs much easier to solve by themselves in a climate of healthy economic growth with expanding job opportunities. Whether it's a youth transition from school to work or an adult transition from no job to a decent-paying full-time job, finding a job is going to be easier when there are jobs available for job-seekers.

So we are saying, let's get economic policies that really stimulate the economy, economic policies that really help create more jobs in the private sector as well as the public sector. We have to create an economic climate in which programs can do the job they are supposed to do -- that is, create the conditions for success of job-seeking young people as well as adults -- create opportunities for transition from school and training programs to private sector jobs, as well as public sector jobs -- create the conditions for success of the various youth training, youth work experience, youth incentive programs and other experimental youth programs.

It was obvious that Congress in passing the YEDPA youth bill did not know exactly what will work best to help young people and teenagers move successfully into the labor force and into jobs. The YEDPA youth bill is clearly an effort to explore and to experiment and to find out what will work.

The AFL-CIO supported the YEDPA bill -- just as we have supported for many years elementary and secondary and vocational and higher education programs. We have been working with the U.S. Labor Department and our AFL-CIO Human Resources Development Institute is working across the country to make these youth programs work successfully.

Union-initiated and union supported training and apprenticeship programs in existing and new occupational fields can help young people gain marketable skills in line with future job openings. Many AFL-CIO unions are already engaged in such training programs directly or in cooperation with the AFL-CIO Human Resources Development Institute -- HRDI. We think such programs should be expanded and strengthened.

We support training and employment opportunities for young people. We also insist that training and jobs for young people must not result in loss of jobs and diminished work opportunities for adult workers. Programs that transfer job opportunities from adults to teenagers are not a solution to the unemployment problems of either youths or adults. We believe the various youth programs should address the structural problems of training and employability -- and not simply re-shuffle unemployment.

Specifically, we oppose tax credits and wage subsidies and vouchers for employers who hire young people. The effect of these devices is to fatten the profits of low-wage employers, to displace adult workers, and to encourage high turnover of workers when the particular subsidy comes to an end.

The tax credit approach now enshrined in the Targeted Job Tax Credit -- TJTC -- is a wrong approach to youth employment needs. It does not provide for any training for the young people involved. It wastes money by rewarding business for doing what it would do without the subsidy. It diverts public revenue and public attention away from effective action on youth employment needs. It undercuts wages and leads to a revolving-door pattern of hiring and layoffs because employers lay off subsidized workers as soon as the subsidy ends, as they displace currently employed workers with newly subsidized workers.

As you can see, we are concerned about protecting the jobs and wages of regular adult workers. The youth programs must not replace or substitute regular workers.

Also, the youth employment and training programs must not undermine and undercut the wages and working conditions that exist in our society. That is why we insist very strongly on the strict enforcement of fair labor standards and minimum wage requirements.

There's entirely too much nonsense spread around about how minimum wage requirements cause teenage unemployment. It's simply not true. There have been studies galore on the impact of minimum wages ever since 1938 and there has never been a single study that comes up with any clear, unambiguous results on the employment-unemployment effects of minimum wage laws.

Unfortunately, as we look ahead at the occupational mix of the American economy in the 1980's, the main job increases will be in the low-wage, low-skill jobs in the service areas -- wholesale and retail trade (the Burger Kings and MacDonalds), personal and business services, and the public sector. We are losing the higher-paying jobs in manufacturing, transportation, utilities, and construction at an alarming rate.

At the current rate of decline in the bettor paying and better skilled jobs, the young people of today who have little or no education will find it extremely difficult to get a decent job at a decent rate of pay.

That is why we insist that youth job programs must not encourage young people to drop out of school. That is why we want youth training programs to use appropriate and adequately trained supervisory personnel.

Vocational education and vocational training must be updated and improved in quality and availability to help young people make the transition from school to work. But vocational education and training must also be available on a continuing basis to all workers, young and old, throughout their working years.

The trend to continuing education and training for all workers is important not only for its beneficial effects in making good citizens but also for helping all workers adjust to continuing changes in the workplace. Good vocational education and vocational training will continue to be of the utmost importance as machines replace human ditchdiggers, as factory workers lose out to automated, cybernated production lines, as office workers lose out to multi-function information processing machines, and as the entire workforce goes through continuous upheavals from changes in technology and changes in the world economy.

The AFL-CIO has long been concerned about the need to improve the transition from school to work. We continue to encourage our local labor councils to participate in local community education activities which help students get more and better awareness of the nature and variety of the world of work.

Even as we continue to seek better education and training and work experience and regular jobs for young people as well as adult workers, we will continue to press for national economic policies geared to job-creating economic growth and full employment.

The nation's economic policies must, of course, be concerned with short-term needs as well as the longer-term issues. As we come to the end of the 1970's with a serious recession in prospect, the rate of unemployment is a full percentage point higher than it was just before the 1973-75 recession.

Unfortunately, the prospect of sharply rising unemployment finds the nation without necessary automatic job-creating programs. Even the supposedly anti-cyclical CETA Title VI job-creation program requires special budget and appropriations action by Congress.

We believe the nation needs an array of stand-by, automatic, job-creation programs to deal with high unemployment — more public service jobs, accelerated public works, and other programs, many of which can be geared to help solve the nation's energy problems. Such programs will serve short-term employment needs and long-term energy needs and other social and economic needs.

Mr. Chairman. Now we will hear from Dr. Arnold Packer.

Dr. Packer. Thank you, Mr. Chairman.

I appreciate being here, and I would appreciate it if my full 45-page statement could be submitted for the record. I would like to summarize it very briefly.

The Chairman. Would you recommend it for weekend reading or week-night reading?

Dr. Packer. I think the first 15 or 16 pages are the most important. I would recommend very strongly that you read that, and the rest perhaps could be used as an appendix containing the data that support the arguments made in the early part.

I would like, if I could, to just leave you with our picture of the youth labor market, and what we would like the programs to be able to do to change that picture.

The picture that we have in our minds is of a line of people looking for jobs. That is not a first come, first serve kind of line. There are jobseekers who always go to the front of it, the frictionally unemployed, who very often, can change jobs without becoming unemployed.

If they are young people who have the right set of credentials—that is, if they have an academic diploma from a school with standards and everybody knows they can read and write; they have filled out the application neatly and well; they knew the job existed; they have a good reference; and frequently, they have had a good summer job or part-time job while in school—they will move to the front of that line.

At the back of that line are a number of people who may never work in the entire year. Especially if they are minority youth, they may never have worked at all.

The length of that line is not static. It depends very strongly on the state of the economy. In fact, for black youth, the elasticity is over 1½ percent. That is, for every decrease of 1 percent in the unemployment rate of prime age white males, the increase in the probability of black youths finding jobs goes up by over 1½ percent. I think if you take a look at the employment population ratios, which is a better measure than the unemployment rate, you see that very graphically.

You can also see the effect of a slowing economy in the deterioration of the black teenage employment problem in the last 6 months. Minority youth employment hit a peak in the first quarter of this year after a period of rapid expansion of job opportunities, and in the last two quarters, it has fallen off nearly 3 percent.

The number of private sector jobs is determined by the state of the macro economy. If the economy falters, the queue of people looking for jobs is longer and longer, and the people at the back of it have a harder and harder time getting jobs.

People in the back of the queue have had an especially tough time lately, because there have been a lot of competitors for those jobs.

We are in a situation where many women have entered the labor force, and illegal aliens have entered the labor force. There competition makes it difficult for those at the back of the line.

The demographic problem of the teenage cohort will diminish because the birthrate fell many years ago. Fewer younger people will be seeking jobs, but competitors will still be coming into the labor force.

Tomorrow's teenagers will not be able to take advantage of that demographic break if we still have undocumented workers coming in to compete for low-wage jobs. More importantly, we won't reduce teenage unemployment if the overall unemployment rate stays high.

I would agree with Dr. Oswald that full employment is the key to the problem. But in addition, the structural problem itself has been getting worse. If you look at the number of youngsters, especially disadvantaged youngsters, who do not work at all, you will see where the key part of the problem is.

To take a look at the problem in another way, in 1967, half the of nonwhite men, ages 16 to 19, accounted for 80 percent of the weeks worked in a year. By 1977, only a third of that group accounted for 80 percent of the work. We are getting a dichotomy within the minority population.

Those who are successful are competing more successfully, and are closing the wage gap. Working minorities are coming very close to the working wages of white youth, but the proportion of nonworking minority youth is growing, and their situation is getting worse and worse.

In 1977 3 out of 4 white males, ages 16 to 19, worked some time in the year. But only 2 out of 4 black males in that age group worked even 1 week. The back of the line is growing. I think the objective of the youth program should be to deal with those structurally unemployed persons, the growing number in the back of the line.

It is important that employment programs improve the chances for those in the back of the line by giving them the credentials, recommendations, and qualifications, that those in the front of the line tend to have automatically, and get without very much help.

Those credentials ought to be in three areas. One is educational. They ought to have a shot at a GED or some other way to get their educational credentials.

They ought to get a skill credential that the private sector has been involved in specifying. That is, rather than having an educational organization determine the necessary job skills, we believe the private sector has to be a part of that determination.

Most importantly, we need a situation in which we can verify that enrollees have met performance standards, are responsible, will come to work, will be punctual and will be reliable employees.

We think this has to be a set of performance standards that are applied not only to the enrollees, but to the institutions that provide the service. The CETA experience must become an advantage in finding a job, rather than something which may or may not be an advantage to mention to a potential employer.

Thank you, Mr. Chairman

[The prepared statement of Dr. Packer follows:]

STATEMENT OF ARNOLD PACKER
ASSISTANT SECRETARY FOR
POLICY, EVALUATION, AND RESEARCH
U.S. DEPARTMENT OF LABOR
BEFORE THE
COMMITTEE ON LABOR
AND HUMAN RESOURCES
U.S. SENATE

October 24, 1979

Mr. Chairman and Members of the Committee:

I am happy to be here today to discuss the problems of youth unemployment.

At the outset, it may be useful to state our understanding of the problem. View the pool of job seekers as a queue made up of people with varying skills and experience. Those who begin to look for jobs do not always get to the end of the line. Those with the right credentials - a good degree, good references, the right kind of connections or experience - can get near the front of the line. These persons get a job quickly and are frictionally unemployed if they are unemployed at all. Further back are the structurally unemployed who are out of work for a considerable part of the year and who account for as much as three-quarters of the weeks of unemployment in a typical year.

Youth generally bring up the rear of the unemployment line for various reasons. Some of these reasons relate to real deficiencies in skills, education and work experience when compared to others in the pool. But youth--particularly minority youth--are also structurally unemployed because of the way they are perceived by employers as unreliable, untested and generally undesirable in terms of available alternatives.

It is conventional to define the structurally unemployed as those who remain unemployed even at "full-employment". The remaining unemployed are then either frictionally or cyclically unemployed. This is an oversimplification that may be misleading. In addition to the truly cyclically unemployed, friction gets worse as unemployment increases and even those at the front of the line take a longer time finding a job. But the impact is borne disproportionately by those with structural employment problems. There is a grey area. The back of the line grows and diminishes as unemployment rises and falls. Tight labor markets improve the situation for those in the front of the queue of "structurally" unemployed. The reverse is also true.

As the unemployment rate rises, the last hired are the first fired. Youth employment levels thus reflect the state of the national economy. The teenage unemployment rate is more cyclically sensitive than the overall rate. A conservative estimate (by George Iden) shows that for every 1 percent increase in the unemployment rate of prime age males, the unemployment rate for black teenagers (16-19) increases by 1.6 percent.

The youth unemployment problem is both structural and cyclical. High youth unemployment has persisted in the American economy for nearly three decades. Since 1954, unemployment rates of teenagers have not fallen below 11 percent. In spite of an array of private and government efforts, youth unemployment problems have become worse during the 1970's. Unemployment rates of teenagers averaged 16.9 percent between 1970 and 1978, as compared with 14.3 percent in the 1960's and 11.4 percent in the 1950's. The ratio of youth to adult unemployment rose from 2.5 in 1954 to 3.3 in 1978. The most serious problem has been the dramatic worsening in the employment share of young blacks.

Part of the worsening may be the result of higher average unemployment in the 1970's that increased the problems of those in the back of the line who are disproportionately black.

Another reason for the worsening relative position of black youth in the labor market is that the back of the line has grown rapidly as the baby boom children grew up and as more adult women and illegal aliens began to seek secondary labor market jobs. As more of the types of jobs that were traditionally reserved for youth went to these new job seekers, the relative position of black youth worsened.

It is important to make distinctions among black youth. The major burden of the worsening unemployment situation seems to be borne by a subset of that population. Our analysis shows that between 1967 and 1977 the percent of nonwhite young men who could not find even one week of work in a year increased substantially.

Other data confirm the view that structural unemployment has become relatively more important between 1967 and 1977. For example, the proportion of nonwhite youth who accounted for most of the weeks of employment has shrunk dramatically. In 1967, half (49 percent) of nonwhite men 16-19, accounted for 80 percent of the weeks worked by this population group; by 1977, 80 percent of weeks worked were concentrated on only one-third (34 percent) of the population. The other two thirds had to divide up the remaining 20 percent of the employment opportunities. A similar trend was evident among black women. By contrast, no such trend occurred among white youth.

A substantial part of the declining employment-population ratio can be accounted for by the increasing proportion of nonwhite youth, particularly males, who had no work experience at all over the course of the year. While 3 out of 4 white males aged 16-19 worked in 1977, only 2 out of 4 black males in that age group worked even one week. On the other hand, for those black youth who did work, the situation seems to have improved. The earnings of black youth who worked at all during the period are nearly equal to the earnings of white youth.

The Carter Administration has consistently attached high priority to youth employment problems. We have taken a series of action which have relieved, but unfortunately not eliminated, the problem. First and most important, Administration policies promoted the general economic expansion of the last two and one-half years. A sound economy is a necessary precondition to the success of specific youth initiatives. Second, in response to the President's proposal, the Congress passed the Youth Employment and Demonstration Projects Act (YEDPA) in 1977 to provide additional youth job and training slots and to generate new knowledge about the most effective programs. YEDPA programs (other than the summer program) are expected to generate about 200,000 years of service in FY 1980. Third, the Job Corps has been expanded from 41,000 youth served in FY 1977 to 65,000 youth served in FY 1979. This program is a particularly important tool for helping the most disadvantaged youth. Fourth, the President proposed and the Congress enacted the Targeted Jobs Tax Credit to stimulate new jobs in the private sector, primarily for disadvantaged youth. Certifications under that program for FY 1979 are estimated at 35,400 and during FY 1980 100,000 are anticipated, two-thirds of them for youth.

The largest impact as a result of these actions has been a reversal of trends in black youth employment. Between 1972 and 1977, employment of young black males remained level while total youth employment rose by 16 percent. During the same period, employment of black females 16-21, rose by 14.5 percent while white female employment increased by 18.9 percent. Between April 1977 and September 1979, the employment gains for black male teenagers were significantly higher than those of white male teenagers resulting in an increase in their employment-population ratio from 24.5 to 29.1. During this same period average monthly employment among black female teenagers grew by 10.8 percent compared to a 5.8 percent increase among white female teenagers. Department of Labor programs probably accounted for over half of the employment gains of black youth.

Further efforts are vital to help youth integrate into the labor market. To move the process forward and to coordinate several Federal youth policies, the President has created a Task Force on Youth Employment headed by Vice President Mondale. Secretary Marshall and the Domestic Policy Staff are working with the Task Force to reexamine the nature of the youth problem and to propose methods of dealing with the problem that take account of the latest research findings. The Task Force effort is not another academic exercise. Its work is necessary in light of the expiring authorizations for YEDPA and vocational education funding. The recommendations of the Task Force will form the basis of legislative proposals for youth employment, vocational education, and other Federal programs.

Today I would like to direct my testimony to our current thinking on the causes of trends and differences in youth employment patterns. Several major points are clear as a result of studies of youth employment.

1. Interpreting youth employment data is difficult because of the simultaneous nature of school, work, and family formation decisions. For this reason the employment-population ratio is a better indicator of short-run changes in the youth labor market than is the unemployment rate.
2. Youth employment, unemployment, and school enrollment levels depend on the state of the national and local economy. Many youth who appear to have individual problems of employability find jobs in a strong labor market.

3. Most weeks of youth unemployment are borne by a small share of youth who suffer substantial unemployment over the year. The incidence of substantial employment problems is highest for minority and low income youth. High turnover characterizes the youth labor market, but cannot explain most youth unemployment.

4. Several important trends have affected the composition of the youth labor force. The lengthening school enrollment period, the movement from rural farm to urban areas, the rise in the share of young women heading families with children, and the decline in the share of young men with family dependents all have worked in the direction of lowering the share of youth who are employed. Nonetheless, white youth were able to raise their employment-population ratios. However, for black youth, employment-population ratios have declined significantly; one of the reasons for this may be different demographic shifts between blacks and whites.

5. The level of youth employment in a locality depends partly on its share of youth specific industries. Armed forces levels have an especially positive effect on black youth employment levels when those in the armed forces are counted as employed.

6. Minority and low-income youth face especially severe problems in the labor market. Within each group only about half are highly successful in finding employment. The remainder have chronic problems.

7. Policy initiatives should continue to recognize that youth employment problems are severe for a small share of young workers, that the incidence of employment problems is particularly severe for minority and low income youth, and that schooling and employment levels are interdependent.

8. The worsening structural unemployment must be reversed if we are to approach the goals of the 1978 Full-Employment Act (the Humphrey-Hawkins bill) as reaffirmed in the recent accord between the Administration and labor.

Policy Initiatives to Combat Youth Employment Problems

From these points we can make certain judgments as to which policy options can best combat youth employment problems.

The first point worth emphasizing is the strong evidence that a shortage of jobs is a primary barrier to the full employment of youth. Although youth differ substantially in terms of employability, many youth who appear unemployable in high unemployment years and in high unemployment areas find jobs when the economy improves. One option then is to channel jobs to youth, either private sector jobs or public service employment. Targeting jobs for youth, however, while changing their relative place in the queue does not shorten the queue because it does not expand the private sector. Only macro policies can achieve that. A selective demand policy that opens jobs for youth can however, in certain circumstances, increase employment at least cost in added inflation. This is an important justification for the Targeted Jobs Tax Credit and our public service employment programs for young workers. At least one study has found that most young workers produce enough useful output to offset their wage cost.

The second important conclusion is that youth unemployment represents a serious problem for a relatively small share of the youth population. Little of the high youth unemployment rates appear to be explained by the high turnover of youth in the labor market, although this high turnover is an important characteristic of the youth labor market. This conclusion suggests that we target resources on the youth with the most serious problems.

In addition to the actions the Administration has taken to tighten the targeting of existing CETA resources, I feel that it is vital to develop a system which will provide youth with an opportunity to expand skills and demonstrate capacities while enrolled in the CETA program, and to develop a track record which will serve as a legitimate basis for employers to sort out the youth who are motivated and reliable or who have acquired the rudiments of a skill.

Picture a young person being interviewed by an employer for a serious job. His or her past employment shows reliable performance in a sequence of jobs after high school graduation. The first job was arranged by family or friends and the last job, acquired independently, was a so-called "bridge job." The capacity to read and write is easily demonstrated as well as some special skills such as ability to type, take dictation, repair an automobile, or weld. The job application indicates graduation from a post-high school technical or business institution and a clean bill of health in relation to medical problems and the criminal justice system. In addition, the interviewee shows by dress, demeanor and general attitude an understanding of the world of work. In a healthy economy these youngsters do not need any additional help.

Now consider the situation of other young job seekers. Some would not know about the job opening.

Some would not have the courage to apply for the job. Some would demonstrate by appearance or attitude that they were not ready for the world of work. Some could not fill out the application form. Some would not know how to describe their past employment experience or to convince the interviewer that it was relevant to the job opening. Some would have arrest records.

This latter group of young people need a way to improve and document their abilities. Much of the unemployment among out-of-school youth results from the inability of these youth to document that they have assets in demand by employers, accompanied by a tendency on the part of employers to ascribe the undesirable characteristics of some youth to all members of this group. I believe we could provide the chance (and incentives) through the CETA system for youth to acquire such assets and to build a documented record of achievement and experience. To be successful, however, there would also need to be performance standards for the service providers. It would be unfair to demand accountability from the participants, but not from the training institutions.

Each eligible youth would receive a number of months or years in programs that provide various phases of job preparation. It is assumed that some youth would progress through the entire sequence but that others would only need minimum time in the program. Benchmarks would be established locally for each phase and certification provided when standards were met. Of course, whenever possible, placement into a regular labor market job would take place at any point in the sequence.

The goal of this design would be to provide participants who complete the sequence with a good chance of getting the job at their next interview. They could show that they were reliable, punctual employees. They could document work skills that employers have specified as important. They would possess academic certification of language and arithmetic skills. The objective would be to improve the relative position of these youth in the labor force queue.

There are still a number of decisions to be made in the ongoing review of youth programs before we will be ready to recommend specific policy options to the President. Some of these are: whether to target our resources to in-school youth to prevent labor market problems or to weigh the programs toward older out-of-school youth with identifiable problems; how to develop the best linkages between the school systems and employment and training programs. It has become evident to me that there is broad consensus among program operators and school administrators that there is a need to establish standards and benchmarks for youth who must rely on this system to provide them with an entry into the labor market.

I look forward to working with the Congress to help plan and to pass next year's youth employment legislation.

I would now like to turn to a more detailed discussion of some of the results we have found.

Interpreting Youth Employment Statistics

Young people naturally have different labor market experiences from those of adults. Yet, the statistics used to describe youth experiences are based on concepts most relevant to adult workers. So, we must be careful to interpret the data on youth in a way that reflects their reality.

Unlike adult workers, many youth have only a casual attachment to the labor force. Young students in the labor force tend to work only part-time during most of the year and full-time during the summer. Since most young people are dependent on incomes of their parents, earnings from a job are less necessary than they are for adult workers. And, because wages of youth are low, the financial loss from unemployment is much less than for adults. School provides a productive alternative to work for many young people. So, if wages or job prospects are low, youth can move from the labor force to school. No similar alternative exists for most adult workers. Finally, many youth are uncertain about their careers. Some will enter the armed forces before embarking on a civilian career. Others will test a variety of jobs before settling into a long-term job with a particular firm. Most adult workers have already built up experience in an occupation and seniority within a firm.

These differences have to be kept in mind when interpreting employment statistics. The unemployment rate, the key indicator of general labor market conditions, has important limitations as an indicator of youth employment opportunities partly because of the frequent moves in and out of the labor force by young workers. Rather, the share of the youth population that is employed--the employment-population ratio--is often better at reflecting short-run changes in the youth labor market.

The recent improvement in the situation for black youth provides a good illustration of this point. While the unemployment rate of black youth, aged 16-21, declined 14 percent from the first quarter of 1977 to the first quarter of 1979, the employment-population ratio increased by 24 percent over the last two years. As employment rose, more youth were reported in the labor force, thus slowing the gain as measured by the unemployment rate. But the reality was that a substantial increase in jobs available and desired by the black youth population took place in the 1977-79 period.

A second problem with relying solely on the unemployment rate is that it gives all unemployed workers the same weight. But, in fact, unemployed workers differ subtantially in the hours of lost work effort, in the extent to which unemployment represents a necessary minimum job search, and in the need for income by the worker's family unit. This is especially true for youth.

We can illustrate these differences by comparing the unemployment of male 16-17 year-olds to the unemployment of male 25-34 year-olds. Although 16-17 year-old males have a higher unemployment rate (13.8 percent to 4.2 percent in August 1979), nearly all the unemployed 16-17 year-olds are in-school looking for part-time work while very few of the unemployed 25-34 year-olds are in that category. Most 16-17 year-olds who unemployed are living with their parents; over 80 percent of unemployed 25-34 year-olds have to support themselves. Finally, in August 1979, 4 percent of 16-17 year olds had been unemployed for more than 15 weeks as compared to 19 percent of 25-34 year olds.

In addition to the problem of deciding on the appropriate measures, we face special difficulties in isolating the causes of changes in youth employment. The difficulties arise because of the simultaneous decisions youth make regarding work, school, marriage, child bearing, and the armed forces. If more young men are going to school and more young women are becoming mothers of young children, we might conclude that the decline in youth employment was the natural outcome of a voluntary decision concerning school and child bearing. But, the causation can run in the reverse direction. With jobs unavailable, young men and women may slow their entry into the full-time labor market and may become discouraged about careers.

Still another problem of interpretation arises as a result of the conflicting estimates of youth employment derived from alternative sources. The primary source of data is the Current Population Survey (CPS), a monthly Bureau of Census survey of 56,000 households. The monthly CPS provides timely information on the employment status of youth; every October the CPS includes a special supplement on school enrollment of youth, from which we can derive estimates of employment of students, non-students, recent high school graduates, and recent dropouts. In addition, every March the CPS adds a survey of the work experience of individuals over the prior year. These data are generally highly reliable. However, in the case of youth, the CPS data differ substantially from data coming out of two special surveys of youth and with another survey. While it is not possible to go into all the differences between the various data sources, these other surveys (the DOL National Longitudinal Survey, the HEW National Longitudinal Survey of 1972 High School Seniors, and the National Crime Survey) all show higher levels of youth employment than does the CPS. Unemployment rate differences are also substantial, although the pattern of differences is not entirely consistent. We are now undertaking an aggressive effort to find out the reasons for the differences in data sources and which sources give the most accurate picture of youth in the labor market.

The Nature of Youth Employment Problems

In spite of the difficulties of interpretation, we have learned much about youth employment patterns in recent years. This new knowledge helps us to understand the generally high unemployment among youth and provides explanations for the rise in unemployment rates of important segments of the youth population. Instead of trying to summarize the vast amount of new and existing research on youth employment and unemployment, I will select findings relevant to three critical factors: the state of the economy, the quantity and quality of the youth labor supply, and the demand for young workers.

Employment opportunities for young workers are highly sensitive to the state of the labor market. Young people have low job tenure, low seniority, little work experience, and often only a casual attachment to the labor market. As a result, changes in aggregate demand induce especially large changes in youth employment. For example, employment of young workers, age 16-24, increased by 10 percent during the 1976-1979 expansion while employment of adult males, age 25+, rose by only 2 percent.

In tracing through the effect of aggregate demand on youth, it is important to focus on several indices, not simply on the youth unemployment rate. One study 1/ recently estimated the impact of aggregate demand for workers on the share of youth who were employed, unemployed, in school full-time, and neither in the labor force nor in school. The findings showed that recessions tend to move youth from jobs to unemployment, to full-time schooling, and to out of the labor force. Black

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1/ Wachter, Michael and Choongsoo Kim, "Time Series Changes in Youth Joblessness", a paper presented at the National Bureau of Economic Research Conference on Youth Unemployment, Airlie House, May 1979.

youth employment is especially sensitive to labor market conditions. The estimates indicate that a decrease from 3.6 to 3.0 percent in the unemployment rate of prime male workers would raise the employed share of black youth by about 4 percentage points and raise the employed share of white youth by about 2 percentage points.

Youth employment is also highly sensitive to differences in general employment condition across geographic areas. A study 2/ examined how variations across 115 metropolitan areas in 1970 affected youth employment. It found that general labor market conditions, as measured by the prime age male (25-54) unemployment rate, had a highly significant effect on the share of young people employed, a smaller effect on the youth unemployment rate, a moderate effect on youth participation in the labor force, and a moderate effect on the share of youth enrolled in school. Job conditions in the local labor markets were especially important for young workers out of school.

2/ Freeman, Richard, "Economic Determinants of Geographic and Individual Variation in the Labor Market Position of Young Persons", a paper presented at the National Bureau of Economic Research Conference on Youth Unemployment, Airlie House, May 1979.

These results show that the number of youth with labor market difficulties depends on the state of the labor market as well as on the characteristics of the young people. To illustrate this point for the case of problem youth, compare the 1967 with the 1977 experiences of young men in the labor market. In 1967, when the prime age male unemployment rate was 1.7 percent, only 4.5 percent of 16-24 year-olds experienced more than 15 weeks of unemployment. By 1977, when the prime age male unemployment rate was 3.5 percent, the youth experiencing substantial unemployment rose to almost 11 percent. Among young nonwhite males, the share of workers with substantial unemployment jumped from 10 percent in 1967 to 21 percent in 1977.

Enormous jumps in the youth population led to an unprecedented rise in the youth labor force over the last three decades. The youth population, aged 16-24, increased by 8 percent in the 1950's, by 49 percent in the 1960's, and by 15 percent in the first 8 years of the 1970's. It is expected to decline by

7.7 percent by 1985. It is natural to blame the bulge in the youth population for the worsening position of youth in the labor market, since such an increase would probably cause labor market adjustment problems. In theory, the additions to the youth labor force could have a variety of consequences. Actual effects of the population shifts depend on employers' ability to utilize young workers in tasks normally performed by adult workers, on the flexibility of wages of youth relative to adult workers, and on the movements of youth between school and work.

If employers cannot easily substitute youth for adults, a rise in the percentage of youth in the labor force would lead to a decline in the wages of youth relative to the wages of adults. The fall in relative wages would be necessary to increase the absolute number of young people working. But, the percentage of youth in jobs might fall for one of two reasons. First, the low wages might make jobs unattractive relative to school and other activities. This is especially true if the reduction in wages occurs alongside a rise in family incomes. A second possibility is that wage rigidities would prevent an increase in jobs.

It is important to determine the actual effects so as to make sensible predictions of the labor market impact of the forthcoming decline in the youth population in the 1980's. A recent study [3] attempted to isolate the effects of population shifts between 1963 and 1978 on the percentage of youth employed, unemployed, and attending school full-time. In general, the study found that increases in the youth share of total population lowered the percentage of youth who were employed and raised the percentage who were unemployed, who were attending school while outside the labor force, and who were neither in school nor in the labor force. The results varied to some extent by subgroup. For example, for young blacks, the population increase meant a drop in employment, but also a drop in unemployment. The declining job opportunities apparently caused many young blacks to leave the labor force entirely, only sometimes for full-time schooling.

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[3] Wachter & Kim

Although the time series results are plausible, they are not conclusive because of the short time period involved and the difficulty in isolating the population trend from other trends. What adds credibility to the findings are similar results obtained from an analysis of differences in youth employment patterns in 1970 across metropolitan areas. One study [4/] found that areas with high percentages of young people in the labor force tended to have lower than expected employment-population ratios for young people. The weakness in employment opportunity sometimes translated into declines in labor force participation, so that unemployment rates did not always rise. As might be expected, job chances of 16-19 year-olds were more sensitive to the 16-19 share of total population than were the job chances of 20-24 year olds sensitive to that group's share of the population. The study's results were also consistent with the finding that a youth population increase shifts youth from work to schooling.

These results indicate that increases in the youth population and labor force reduce job opportunities for the average young worker. Given these findings,

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[4/] Freeman II

we would expect that the labor force bulge that occurs every summer induces similar effects. But, in fact, job opportunities for youth actually improve during the summer. A vast flow of young workers enters the labor force every summer. In 1976, for example, the full-time labor force of 16-19 year-olds jumped from 3.8 million in March to 7.0 million in June, 8.3 million in July, 7.5 million in August before falling back to about 4 million for the rest of the year. Nearly 90 percent of the increase in the youth labor force was matched with an increase in employment. The result was a decline in the unemployment rate between the spring and summer.

The ability of the economy to absorb large numbers of young people during the summer indicates the flexibility of employers to anticipated seasonal changes in the labor force. However, the bulge in the youth population may have worsened full-time, year-round opportunities for young people, while part-time and summer jobs continued to be available. One reason may be that students coming into the summer market are more employable and have lower expectations than youth in the full-year market.

Much of the success of young people in finding jobs during the summer also can be attributed to the large scale of the Federal job creation programs. It was estimated[5] that the average number of summer jobs provided between 1968 and 1976 was about 600,000. Since about 3 million teenagers left school and entered the labor force for the summer, the Federal effort employed as many as 20 percent of all summer entrants. The share of employment that occurred because of summer programs probably exceeded 20 percent. It is difficult to estimate precisely the Federal impact because of the difficulty in determining how many youth would have obtained jobs in the absence of the Federal program.

Another aspect of youth labor supply said to affect youth employment and unemployment is high turnover. Because young people enter and leave the labor force and move between jobs frequently, we would expect youth unemployment rates to exceed adult unemployment rates.

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[5] Clark, Kim and Lawrence Summers, "The Dynamics of Youth Unemployment," a paper presented at the National Bureau of Economic Research Conference on Youth Unemployment, Airlie House, May 1979.

Every move would appear to require spending some time searching for a new job. The basic evidence for turnover as an important explanation of high youth unemployment is data of the kind appearing in Table 1.

In August 1979, most unemployed teenagers were entrants, or reentrants to the labor force while most unemployed adult males were job losers. The data on duration of unemployment show 26 percent of unemployed adult males with more than 15 weeks of unemployment while only 6 percent of unemployed teenagers were in this long-term category.

While these data look persuasive, they provide only a snapshot picture of patterns of youth employment and unemployment. When we look from a full year perspective, the importance of turnover to youth unemployment appears to decline significantly. It turns out that over a full year, most young workers do not suffer even one week of unemployment. This is true for nonwhite as well as white youth. In 1977, about 70-75 percent of young white workers and about 55-60 percent of young nonwhite workers became employed without experiencing one week of unemployment. These workers accounted for 75 to 80 percent of weeks of employment for their respective groups.

Most youth unemployment was borne by workers with many weeks of unemployment. In the case of young nonwhite males, workers with more than 15 weeks of unemployment during the entire year accounted for about 80 percent of all weeks of unemployment experienced during that year. The situation was similar for young white males and adult males, where the long-term unemployed accounted for 70 percent of all unemployment. Such a concentration of unemployment could not have occurred if youth unemployment were largely due to turnover.

Further evidence for the chronic rather than temporary nature of youth unemployment is that the experience of youth during 1977 carried over into March 1978. Of those male youth who had excellent employment records in 1977, 70 to 87 percent had jobs in March 1978. In contrast, only 27 to 60 percent of those with poor records in 1977 were working in March 1978.

The composition of the youth population changed significantly over the past few decades. Table 2 displays some of the important shifts that have occurred in school enrollment, family composition, and geographic area of residence.

The increasing school enrollment has raised the share of youth who cannot work full-time and has raised the age and educational levels of young entrants to the labor force. One would expect that the effects on employment would be negative in the youth's early years, but positive in the later years. In fact, the expectation is not quite accurate for white or nonwhites. In spite of the rising share of white youth who are students, employment-population ratios of white youth rose over the last three decades because of the big jump in the share of students who work. The experience of nonwhite youth worsened more than would be expected on the basis of school enrollment changes. Not only did their overall employment-population ratios drop, but employment-population ratios of nonwhite students and nonstudents each fell significantly.

The rise in the schooling of nonwhite youth does seem to have helped in the early adult years. The ratio of nonwhite to white unemployment rates among young men, age 25-34, declined from 2.8 in the 1957-61 period to 2.0 in the 1974-77 period. The evidence also indicates a decline in the earnings gap between young white and young nonwhite men.

Geographic area factors also appear to play a role in the declining employment of nonwhite youth and in the rise in earnings of nonwhite young adults. Nonwhite males, ages 16-19, shifted from rural farms to large urban areas. In 1950, 32 percent lived in rural farm areas, where they experienced unemployment rates under 3 percent. By 1977, virtually none lived in rural farm areas. Since youth unemployment rates were high in large urban areas even in 1950, the shift in supply apparently contributed to worsening employment-poulation ratios. At the same time, the move from rural farm areas no doubt raised the earnings of those youth who did work and helped improve earnings opportunities in their early adult years.

Changes in family status might also have influenced youth employment trends. Young men in their early 20's were much less likely to have family dependents in 1978 than in 1968. For example, the share of 20-24 year-olds heading families with children dropped from 24 to 16 percent among whites. The share of young men married with no children declined from 18 to 16.5 percent among whites and from 9.6 to 6.6 among nonwhites. This decline in the number of family dependents of young men would tend to lessen their need for earned income and weaken their attachment to the labor force. However, since the reduction in family obligations was similar for whites and nonwhites, we would expect to observe similar employment effects. In fact, as noted above, the employment-population ratios of white men, 20-24, fell only slightly while the employment-population ratios of nonwhite men, 20-24, declined significantly.

In the case of young women, the fall in the percentage of the population with young children accounted for some of the rise in employment-population ratios.

Family status trends showed differences by race. The percentage of nonwhite women, aged 20-24, heading families with children rose from 10 to 20 percent between 1968 to 1978; the comparable rise for young white women was only from 2.6 to 4.1 percent. The percentage who were wives with children declined about 12 percentage points for white and nonwhite women. These two changes meant that the percentage of nonwhite women (20-24) with children was nearly constant (39 percent in 1968 and 37 percent in 1978) while the percentage of white women (20-24) with children dropped significantly (from 40 to 30 percent). In this case, the shift in the composition of the youth population could have accounted for racial differences in employment trends. Even in this case, however, the case is unclear because of the simultaneous nature of work and family formation decisions. If declining employment opportunities caused more nonwhite women than white women to have children, then the family status shifts would be properly interpreted as an effect instead of a cause of the relatively poorer job prospects faced by young nonwhite women.

Now that we have looked at the roles of the economy and of the youth themselves, we can turn to the role of employers. Although our knowledge of the precise recruitment behavior of firms is limited, it is clear that some employers hire few if any youth while other employers hire mostly youth. No doubt, these hiring preferences by employers are derived from several considerations, including skill and experience levels of workers relative to the wages offered.

To see whether preferences of specific employers significantly influence the overall level of youth employment, one study [6] estimated the impact of differences across urban areas in the industrial mix of employment. The idea was to observe whether areas with high percentages of youth specific industries provided more favorable youth employment opportunities than areas with low percentages of youth specific industries. Industry mix might not prove significant independent of other factors if preferences for young

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6/ Freeman II

workers were relatively evenly spread across a wide spectrum of industries. The study shows that the industrial mix of an area did affect the area's youth employment level. This result implies that many youth cannot find jobs for reasons having little to do with their personal characteristics or with the state of the economy. To assess how youth-specific demands affect trends in youth employment, we can examine the impact of changes in the size of the largest youth employer, the military. One study [7/] estimated the effect of the percentage of the youth population utilized in the armed forces on youth employment and unemployment ratios over the 1964-1978 period. It found that the demand for youth labor by the military had significant positive effects on overall youth employment opportunities when those in the armed forces are counted as employed. The armed forces effect was especially significant for young nonwhite males.

We should be careful in interpreting the positive effect on employment opportunities from a rise in the population share in the armed forces. On the one hand,

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[7/] Wachter & Kim

the voluntary nature of today's armed forces means that the military is simply another employer of youth. According to this interpretation, changes in armed forces levels represent changes in youth specific demands by employers. It follows that youth in the military should be counted as employed instead of outside the labor force. Another interpretation would view the entry by low income white and black youth to the armed forces as an indication of the paucity of job options in the civilian market. This interpretation would stress the last resort or residual character of the armed services. According to this viewpoint, young entrants to the armed forces should not be counted as employed.

Whatever interpretation one chooses, it is worth looking at youth employment trends counting and not counting the armed forces as employed. We expect to find variations in racial differences over time, given the rising share of black youth and the falling share of white youth in the military. In fact, for 18-19 year-old out-of-school young men, the differences in the trends are striking. According to the conventional method of excluding the armed forces, the gap between white and nonwhite employment ratios widened sharply, rising from an 8 point difference in 1964 to a 19 point difference in 1978. If we were to count the armed forces as employed in both years, the increase in the gap would be much smaller, going from a 10 point difference in 1964 to a 13 point difference in 1978.

The Severe Employment Problems of Minority and Low Income Youth

The employment situation of young minority and low income workers remains serious, despite recent improvements in the employment-population rates. In March 1978, unemployment rates reached about 25 percent for low income nonwhite youth, about 25 percent for all nonwhite youth, and about 20 percent for all Hispanic youth. Less than half of low income nonwhite men, 20-24, were working, as compared to 70 to 75 percent of moderate and high income white and nonwhite young men. Most disturbing is the fact that the lack of jobs is only one element of a living pattern filled with social and economic problems.

No one cause can explain the severe nature of the problems. Clearly, the demand conditions facing minority and low income youth hurt their chances to find jobs. Nearly 41 percent of nonwhite youth, as opposed to only 6 percent of white youth, live in poverty districts of metropolitan areas. In these areas demand conditions are poor, as reflected in the high adult unemployment rate of 10.2 percent in these poverty areas, as compared to a 4.5 percent rate in all non-poverty areas. The weakness in demand for adults no doubt carries over into the youth market.

The high adult unemployment rates in poverty areas may also be interpreted as a supply side explanation. With so many unemployed adults available, firms in poverty areas may not have to hire youth to fill even low level jobs. A representative of a large fast food operator with outlets in poor central city areas as well as in the suburbs has found that adults compete for vacancies in the poor inner-city areas, but not in the suburban areas.

Partly because of the huge gap between jobs and workers, poor youth are increasingly relying on jobs in the public sector. According to a survey of poor youth in the seven sites which are operating a job entitlement program for in-school youth, the share of youth employment accounted for by public sector jobs rose from 18 percent in the spring of 1977 to 35 percent in the spring of 1978. Private sector employment of poor youth varied substantially by site, from 38 percent of youth in Phoenix to 9 percent of youth in Baltimore.

The employment problems of minority and low income youth are not confined to poverty areas of large central cities. In nonpoverty areas in nonmetropolitan areas, nonwhite teenagers experienced a 32.6 percent unemployment rate in 1978. As of March 1976, only 36 percent of unemployed, out-of-school, black male teenagers lived in central cities of SMSA's. The wide geographical spread of the problem indicates that the characteristics of youth may contribute to the difficulties.

Characteristics can affect employment because of discrimination practiced by employers against black, Hispanic, and low income youth, and because of real differences in the work experience and education. Although some of both no doubt exists, it is difficult to determine how much of the problem is due to discrimination and how much is due to real differences.

What is becoming clear is that the strict dichotomy between those with serious employment problems and those with no employment problems extends to minority and low income youth. In 1977, about half of nonwhite men, 20-24, worked without suffering even one week of unemployment, while almost 40 percent did not work at all or suffered substantial unemployment. In terms of finding jobs in March 1978, the successful group of nonwhite men did as well as the successful group of white men; 86 percent of both groups were employed.

A good part of the distinction between minority youth who do well and minority youth who do poorly could be due to education. According to the HEW National

Longitudinal Survey of 1972 High School Graduates, by 1976, nonwhite graduates had wage rates and weeks worked that were about 95 percent of the levels attained by white graduates. However, data from the Current Population Surveys indicate the problem is not confined to nonwhite youth who drop out of high school. CPS data indicate that in 1977, about one-third of nonwhite male graduates, age 20-24, were unemployed in excess of 20 percent of their time in the labor force. We are now attempting to resolve the differences between these two surveys. In addition, we are looking carefully at which differences between successful and unsuccessful youth are most significant.

We look forward to working closely with this Committee on solutions for the youth unemployment problem. I would be happy to answer any questions you may have.

Table 1

Unemployed Person by Reason for Unemployment, Duration and Age
August 1979

	Percentage of Unemployed	Percentage of Labor Force	Percentage of Unemployed Not Working For Weeks	
			15-26	27+
Youth, ages 16-19				
Job Losers	22.1	3.1	3.5	4.6
Job Leavers	15.0	2.2	1.9	3.1
New Entrants	38.4	5.5	2.1	4.2
Re-entrants	24.4	3.5	4.0	1.5
Males, 20+ years				
Job Losers	62.8	2.4	14.8	14.6
Job Leavers	16.0	.6	8.7	10.7
New Entrants	3.2	.1	*	*
Re-entrants	17.9	.7	8.9	13.6
Females, 20+ years				
Job Losers	34.9	2.2	12.5	9.0
Job Leavers	17.1	1.1	10.0	8.1
New Entrants	7.0	.4	4.8	9.6
Re-entrants	41.0	2.6	5.5	4.4

* Sample size was too small to obtain reliable estimates.

Source: Employment and Earnings
September 1979

Table 2

	EDUCATION			FAMILY STATUS Percent of Population									
	Enrolled Share			Head Family With Children		Married, Spouse Present, No Children		Wife of Head With Children		Child or Other Relative of Head		Other Family Status	
	1950	1968	1978	1968	1978	1968	1978	1968	1978	1968	1978	1968	1978
Males: 16-19													
White	.58	.78	.71	1.6	1.3	1.9	1.5	-	-	94.8	94.2	1.7	2.6
Nonwhite	.47	.73	.74	1.1	.3	.7	.3	-	-	96.6	97.6	1.6	1.7
Males: 20-24													
White	.20	.33	.25	24.3	16.2	18.0	16.5	-	-	50.1	50.0	7.6	17.2
Nonwhite	.12	.16	.19	22.0	13.8	9.6	6.6	-	-	60.0	64.9	8.4	14.8
Females: 16-19													
White	.47	.66	.65	.9	.9	5.0	4.9	6.1	5.9	85.2	82.7	2.8	5.6
Nonwhite	.43	.63	.66	1.2	3.7	7.1	3.9	2.2	1.7	86.9	86.3	2.6	4.4
Females: 20-24													
White	.08	.15	.19	2.6	4.1	37.8	26.0	20.0	21.5	31.8	31.0	7.8	[illegible]
Nonwhite	.10	.12	.20	9.8	20.0	29.0	16.7	12.4	6.5	42.8	41.5	6.0	[illegible]

Sources for tables are 1950 U.S. Census of Population; Employment and Personnel Characteristics, Special Report P-E No. 1A and tabulations from selected current population surveys.

The **Chairman**. Thank you very much, Dr. Packer. I know that you have been encouraged to address comments to each other, and agree and disagree in free and open discussion, which would be very beneficial.

It is rather late, so I do not know how much time we have to continue what could be a very, very helpful and constructive discussion.

I would like to start out, however, with a question addressed to each of you, a practical question forced upon us.

And this is it: Given a period of budgetary restraint which, of course, limits the availability of Federal funds, and economic decline which results in increased youth unemployment, what would be the best strategy to pursue in allocating Federal funds?

You can take the same order, if you would, and help us.

We are in a period of budgetary constraint. As I read our economic picture, it is not very promising in terms of employment.

Dr. **Sawhill**. I was hoping I would not have to go first in answering such a very tough question, but it is a very good question. I think I have already implied what my answer would be, but let me try to state it a little more explicitly.

I believe we probably ought to serve fewer people than we do currently, but make sure we serve the most disadvantaged, and that we serve them more intensively than we currently do so we can get more long-term employability development.

I am not sure who should get the resources to achieve that. I would like, as I suggested, to see some multiple institutions out there delivering whatever the needed services are, because I do not think that any one set of institutions can do the job. Also, I think different institutions are needed to serve different groups of youth.

I think that some of the proposals that Secretary Packer has put forward that have to do with performance standards in programs—making sure that someone comes out of a program with a credential that means something—will help.

However, I do think that you have the same problem that you mentioned earlier with respect to the handicapped legislation, and that is: How do you prevent this from becoming a paper exercise? How do you decide what it is you are going to certify? Who is going to do the certification? What rewards and penalties are you going to impose on individual participants, the local service deliverers or anyone else, if they don't live up to these performance standards? However, these are specific reservations because, in general, I think this is a valuable new concept for training programs.

The **Chairman**. Thank you.

Mr. **Schiff**. Mr. Chairman, I find myself in agreement with my colleagues on almost all points. The point I would like to emphasize, and this relates to your question on budgetary stringeny, is that the kind of efforts which are the most promising are the ones that really draw in much more than Federal resources, that involve much more active participation by various elements of the private sector, including business, including labor unions, including community groups and so on.

I think efforts to build institutions that help to foster such cooperative approaches, including efforts to relate work and education more effectively, are the ones that deserve particular support.

The private industry councils are one example. I think that type of effort can serve as a catalyst for many other kinds of things.

The approach which Secretary Packer suggested, and which I find attractive, means establishing a system which would draw in all kinds of resources from the private sector. That, I think, could be very important.

The other aspect of bringing things into some kind of a system is to develop ways in which the individuals who are out there and need help and who may feel lost will have some notion of where he or she can go to find help and will know that if he or she performs according to certain standards, there will also be a chance to get training on a job.

The private industry councils are not the only device for institutionalizing public-private cooperation. Boston has a Trilateral Council to deal with school-to-work transition. There are numerous other arrangements of this kind that can be very helpful.

Particularly within the school systems, much more attention and resources ought to be devoted to helping with the problems of the very disadvantaged who often tend to get lost in these systems.

The relative apportionment of funds ought to take account of the fact that the dropout problem is very serious. The problem starts when the people are still in school.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

[The prepared statement of Mr. Schiff follows:]

For Release on Delivery
October 24, 1979

Statement by

FRANK W. SCHIFF

Vice President and Chief Economist
Committee for Economic Development

before the

Senate Committee on Labor and Human Resources

on

Youth and the Workplace: Perspectives for the Coming Decade

United States Senate

October 24, 1979

Mr. Chairman and Distinguished Members of the Committee:

My name is Frank W. Schiff. I am Vice President and Chief Economist of the Committee for Economic Development (CED). I appreciate the opportunity to appear here today in a personal capacity to discuss desirable policy directions for dealing with youth employment and an improved transition from school to work in the 1980s.

Youth training and employment policies for the next decade must be directed at two major goals. One is to equip our young people generally with the education, skills and adaptability that will produce a highly productive labor force in the 1980s and that will avoid the emergence of inflationary skill bottlenecks. The other is to eliminate the chronic unemployment and inability to cope with the world of work that now affects such a disturbingly high percentage of our youth. These goals must be pursued simultaneously; to neglect one at the expense of the other would be self-defeating.

In commenting on how such goals can best be achieved, I will draw particularly on CED's 1978 policy statement, "Jobs for the Hard-to-Employ: New Directions for a Public-Private Partnership," for which I served as project director. That statement held that much of what needs to be done does not have to involve brand new approaches but can build on successful cases of public-private partnerships that already exist, though often only on a relatively small scale. It also held, however, that greatly enlarged reliance on these approaches will require much wider dissemination of information about successful programs, stronger institutional mechanisms to mobilize concerted support by business and other elements of the private sector; greater use of intermediary organizations; and improved financial incentives.

We have been very pleased to see that since publication of the CED statement, business support for a strengthened public-private partnership in the training and employment areas has markedly increased. Moreover, the new Private Sector Initiative Program under Title VII of CETA and the Targeted Employment Tax Credit offer a major opportunity for implementing the kind of approach we advocated.

I believe that much of the solution to dealing with the youth employment problem in the 1980s similarly lies in making much wider and improved use of approaches with which we already have considerable experience. In particular, action is needed along the following lines:

First, in most school systems, there is need for greatly expanded efforts to make exposure to the world of work an integral part of school experience -- by relating vocational and career education more realistically to the requirements of the job market, by giving students greater exposure to actual work experience through workshops and cooperative education programs, and by greatly improved career counselling and occupational information. Such programs will not only be of major aid in the transition of students to regular private employment but can in many cases also be a key factor in preventing them from dropping out of school.

Making such programs effective, however, calls for much greater cooperation between schools, business, labor unions and other community elements than has typically been the case to date. Business must be willing to help schools in modernizing curricula for skill training, in furnishing needed tools for classroom use, in giving special training to vocational education teachers, in providing its own employees as volunteer instructors, and in giving students opportunities for part-time work experience. Schools, for their part, must be willing to accept such help, to create flexible classroom schedules that will allow youths to take advantage of work opportunities, to upgrade the quality of vocational training centers, and so on.

A particular need exists for devoting greater effort and resources (including, where appropriate, larger federal resources) to the development of programs targeted at disadvantaged students who encounter special difficulties in school, lack motivation for overcoming these problems, and seem destined to become dropouts. A promising approach for dealing with such youngsters is to place them for at least half of each school day in workshops that train them in specific skills and to make remedial education in basic academic subjects directly relevant to the tasks performed in the workshop. Here, too, a cooperative effort by the private sector and the school system can be especially fruitful. This has, for example, been demonstrated by the successful "academy" or "school-within-a-school" program in Philadelphia high schools under which disadvantaged inner-city youths who cannot meet entry requirements for regular vocational schools are able to participate in special three-year programs that can lead to careers in the electrical and electronics fields, in automotive repair, and in business administration.

In many communities, elements of these various approaches already exist. What is usually still needed, however, is to enlarge the scope of these efforts significantly and to bring them into a coordinated system -- a mechanism for assuring continuing commitment that all the parties concerned will actually work together and that the needs of the youth involved will actually be met. Future governmental policies should place especially strong emphasis on supporting effective mechanisms for such collaboration.

Second, there is need for much closer and more effective cooperation between schools, business, labor, and governmental agencies in identifying job opportunities and skill needs and in matching youths with appropriate jobs or training programs. The new Private Industry Councils should be particularly helpful in initiating and coordinating such efforts. Where the surveys point to gaps in the availability of needed skill training programs, steps should be taken to initiate apprenticeship and similar programs that can fill these gaps. At the same time, there is need to render the Employment Service more effective in its job placement functions by relieving it of numerous extraneous duties, requiring close cooperation with CETA and strengthening its services to employers.

Third, to deal with the critical problems of out-of-school youths with severe disadvantages in the labor market, ways must be found through which the types of specialized services that already work effectively for some of these youths under some programs can be extended to all those in need and allow them to move into useful and continuing employment.

The problems faced by these youths are by no means all identical. Most serious, clearly, are the problems of the many disadvantaged youths who have dropped out of school, have no motivation to work and lack the most elementary capacities to cope with the world of work. Others have the capacity to operate in a work environment but lack the skills and other requirements for securing decent jobs. Still others may be barred from jobs by discrimination or transportation difficulties.

Remedial programs must be carefully tailored to the particular needs of the youths involved. It seems to me, however, that the most successful of these programs have tended to have a number of common features. They typically concern themselves with particular individuals on a continuing basis, making sure that he or she does not simply get lost in a maze of uncoordinated programs and bureaucracies. They ask for certain standards of performance by their clients and, in return, hold out the prospect -- or in some cases, even a guarantee -- of a job at the end of the process. And they provide for follow-up counselling on the job and hold out the possibility of a second or third chance for those who do not make it in the world of work on the first try.

To provide just a few examples:

- The very successful Entry Level Training Department of the Chrysler Institute provides for an initial assessment of the problems and potentials of its disadvantaged clients; furnishes motivational instruction; and offers training in basic and more specialized skills, job counselling and placement, and follow-up activities after the individual is placed on the job

- The Opportunities Industrialization Centers (OICs) put particularly heavy stress on initial motivational training and offer guarantees by employers of specific jobs for those who fulfill the training requirements

- The recently formed Private Industry Council in New York City has worked intensively with private firms in developing federally-subsidized skill improvement classroom programs to train disadvantaged youths and other hard-to-employ persons for such jobs as airline reservation clerks, automobile and airline mechanics, bank clerks, computer programmers, and medical technicians and has obtained specific commitments from private employers that successful graduates of these programs will be placed in suitable jobs

- The Vocational Foundation in New York and Jobs-for-Youth in Boston, New York and Chicago -- two non-profit organizations that help to place some of the hardest-to-employ youngsters in non-subsidized employment -- provide special counselling and other services for its clients both before and after they are placed on a job

- The experimental Manpower Demonstration Research Corporation automatically insures continuing concern with the individual problems of its severely disadvantaged clients by making them "employees" of the corporation and moving them into training and employment situations only under condition of graduated stress related to each person's capabilities

These and similar programs are still subject to various kinds of evaluation. But enough information about their effectiveness already exists to suggest that decisions should soon be made about the kind of programs that should be significantly enlarged and about the common features of such programs that could be much more widely applied.

Fourth, a hard look is needed to determine whether eligibility requirements for programs targeted at disadvantaged youths may not in fact exclude an important number of youths who face severe handicaps in entering the regular labor market. A widespread current complaint among businessmen and program operators is that this is precisely what is happening in connection with on-the-job training and other skill training programs under the new CETA Private Sector Initiative Program. Thus, an unemployed 19-year old inner-city youth in a family of four in Chicago does not qualify for on-the-job training if his total family income exceeds $8,289., i.e. the maximum amount that a family can receive in that city to count as "economically disadvantaged" and be eligible for CETA programs. Yet this 19-year old may have no marketable skills and face a strong prospect of chronic unemployment unless he is given some chance to acquire such skills. Moreover, if one of the other members of the family had slightly lower earnings or if he lived by himself, he might be eligible for such CETA programs.

I have not yet had an opportunity to explore these arguments in full detail but they strike me as significant enough to deserve very careful further investigation. Perhaps the problems could be remedied by allowing modifications or exceptions from the strict family income rule -- at least for a specified percentage of youths participating in particular programs -- if it can be certified that their lack of skills and other factors place them at a serious disadvantage in the labor market. It would also be highly desirable to develop better statistical measures of the relation between a person's employment status and his or her individual as well as family income, as has recently been recommended by the National Commission on Employment and Unemployment Statistics.

Fifth, there will be a continuing need to build institutional mechanisms that will facilitate strong and sustained involvement of the business leadership in efforts to deal with youth employment. I hope that the new Private Industry Councils will play a major role in this area and that they will have strong support by the Congress. To be effective, however, such Councils must be given real responsibility by prime sponsors for carrying out meaningful tasks; otherwise, business people will simply not be interested in active participation.

Sixth, there should be continuing experimentation with providing incentives and removing disincentives for youth employment, both as these relate to employers and to job seekers. By no means all the needed incentives are financial. Willingness of employers to participate in government-sponsored training programs may often depend less on specific financial incentives than on assurance that Private Industry Councils or other intermediary organizations will minimize the red tape under government contracts and deal with special counselling needs of the trainees. However, for small firms, in particular, financial assistance can be of key importance, and more may have to be done to tailor the amount of such assistance to the true costs of training or employing disadvantaged youth in particular circumstances. For youths, the most powerful incentive clearly is the guarantee of a job. I personally believe that wider experimentation with such guarantees (particularly where they can be obtained from private employers) is clearly desirable, provided they are given as a quid pro quo for stated performance of the youths in a training program.

Finally, there is need to make better advance preparation for the impact of recessions or economic slowdowns on young people who have already secured useful jobs. Even mild recessions can have serious effects on the employment of such youths: having been among the last to be hired, they are also likely to be among the first to be fired. This is not merely an issue for the next decade, but could also be of more immediate concern if the economy should, as is widely predicted, experience a significant slowdown over the coming year.

One possible solution to this problem is to encourage wider use of work sharing as an alternative to outright layoffs. This could be done by changing unemployment insurance provisions to permit payment of insurance for single days when firms go on a four day week. I believe that wider use of such a provision deserves very careful consideration. It has already been adopted by California, could be facilitated by a change in federal standards and would not have to entail an added drain on the budget. Another possibility would be to provide enlarged government subsidies for firms which provide skill upgrading programs and other training opportunities as alternatives to layoffs in recessions. The net cost to the government of supporting such training and education programs in recessions would be relatively low because beneficiaries of these programs would receive unemployment insurance or some other type of government support in any event.

To conclude: a successful attack on the youth unemployment problem calls for a variety of approaches tailored to the special needs of the different segments of the youth population as well as to the changing requirements of employers. The challenge for national policy lies not only in stimulating further development of successful approaches of this kind but in making sure that the overall effort involved will be of a character and magnitude that has a really significant impact in reducing total youth unemployment. Concentration on the development of successful model programs, while essential, will not be enough by itself. This is why I believe that we need a coordinated overall strategy which places major emphasis on institutional arrangements and incentives that will mobilize the combined resources and talents of the private sector, of educational institutions, and of the government to secure adequate training and employment opportunities for the nation's youth.

The **Chairman**. Dr. Oswald.

Dr. **Oswald**. I would approach the situation differently in terms of the current situation, because I think you phrased the question the way Mr. Hoover would have phrased the question in 1929, and that is, how do you cut back on Government services when a recession is getting worse.

And I think at this particular point, we really have to do the opposite, and face the question, how do we use Government funds more efficiently to bring about full employment? Because if we do nothing, it costs the Government as well.

You know the figures as well as I do—that each 1 percent increase in unemployment costs some $18 billion in lost taxes and increased welfare, and unemployment. So the question is, How is Government spending targeted to bring about full employment?

That includes programs in youth employment. You have to say: What is the current cost for the current investment of that person having the ability to get a job and not being dependent on society for the next 50 years because he doesn't have the education and doesn't have the skill and training. Unless we start looking at youth employment and training programs in terms of that investment for the future, we will be cutting money currently that will add costs to society for the next 50 years in terms of that unemployed person not having skills.

And if we cut training and employment programs currently with a growing recession, we will only make that recession worse and make the budget deficit that much worse.

The **Chairman**. I might agree with you on all of that, but I was taking the dark side of the scene. I believe, however, it is realistic to recognize the mood for budgetary restraint. The question though was on resource allocation. My own position on the Federal budget has been that greater priority should be given to domestic social programs, particularly education, training and employment programs.

Dr. **Oswald**. I am afraid that all too often the general approach has been to put it in that dark-side context, and that is what Mr. Hoover did as well.

The **Chairman**. There was one thing that Hoover did not have that we have—the inflation factor. President Roosevelt brought a different philosophy—investment—and it, of course, set us on a course that we have been on more or less until this unusual phenomenon that we have now, incredible inflation.

Now, Dr. Packer, help us.

Dr. **Packer**. I think we ought to consider investment in human capital as seriously as we consider the investment in physical capital, because it is the human capital that makes the difference with respect to the country's productivity.

The choice that faces us is between prevention and cure. Initially prevention sounds like the right approach. The problem is that you don't know who to prevent the disease in, so prevention can never be as well targeted as the cure.

We think, given our inability to detect problems early, we should be targeting on those who already have a problem that is very well demonstrated by dropping out of high school, or if graduated, they have demonstrated labor market problems.

The youth may be closer to 21 than 16. We seem to find it is only when a youngster reaches the state of maturity in which he or she is serious about changing his or her educational level or job level that the treatment takes.

If you try to move in when they are too young, they are not in a position to take advantage of the programs that are available to them. So I would say two things: Move to the older group who have an already demonstrated problem; and again emphasize on the performance of all those involved, including the private sector.

When businessmen involve themselves, they should have a commitment that they are going to do something about the problem and hire the youngsters and not restrict their efforts to advising them.

The **Chairman**. What are the ages? What is the average age in the Job Corps?

Dr. **Packer**. It is running around 17, I believe. We find there, too, that the older kids are the ones who stick it out and are successful.

I think the Job Corps has been very successful. The recent evaluations indicate less crime, less drug addiction, and positive effects on earnings. There is a commitment there.

If the youngster has to leave where he lives, we have a set of commitments to the program. You will find a very great distinction among those who stay the full course against those who drop out.

The solution is not to relax the standards so everybody stays, but to see if we can work on motivation and screening to make sure we have motivated youngsters coming in.

Dr. **Sawhill**. I have the figures. A quarter of them are 16 or under; a quarter of them are 17; and 50 percent are 18 to 21. Those are the percentages in the Job Corps.

Mr. **Schiff**. Would Secretary Packer make an exception to his statement that governmental support should be concentrated on older youths? That is, for those who are in school and can be pretty well identified as very likely dropouts, isn't there a need for substantially stepped-up programs?

These are not the same types of programs Secretary Packer was talking about. His concern was with people out of school where the emphasis ought to be on the higher age ranges. But I also think there is a very major problem in catching people at an early age through devices that might be successful.

Dr. **Packer**. I do not want to make it a nothing-or-all situation. There need to be programs for both. Our current program emphasizes the inschool youngster too much, because he is easier to get to.

For the out-of-school kids, you have to have outreach. You have to search them out. It is easier to find the people in school.

The **Chairman**. It would seem to me that the resources will be there for dealing both with the earlier years and later years.

When you get to the older group who are not in school anymore, radical approaches can be effective, and I would describe the Job Corps as a radical approach. The youth environment is changed in many cases, the participant will be drawn from the community to Job Corps site. And it seems to work.

But you know, it is infinitesimal in terms of participants when you look at the numbers involved. Dr. Sawhill told us that disadvantaged young people number 800,000 each year.

There are right now, as I recall the figure, 44,000 slots in the Job Corps. It is effective, but small.

I wonder if we can get some generalization from you on the methods that are used in the Job Corps? It is my understanding that private industry is often used as the training contractor. Is that right?

Dr. PACKER. That is right.

The CHAIRMAN. Is that the major method?

Dr. PACKER. There are a substantial number of private, for-profit contractors involved, in the operation of Job Corps centers. Prior to the expansion of the Job Corps, the proportion was nearly 60 percent, and since the expansion, at the start of 1979, the percentage had increased to 70 percent.

I am not sure that their connection to the private sector activities, except for the operation of Job Corps centers, is very strong.

The CHAIRMAN. It is not related to their primary activity as a manufacturing concern, as an example?

Dr. PACKER. That is right.

The CHAIRMAN. Last week at a Job Corps celebration sponsored by the Home Builders—figure that out, it is good to figure it out because it is unique—Home Builders teamed up with the labor unions and construction workers. The Home Builders evidently have the contract for the Job Corps in some places, and they use their instructors, building trades union people, to create skills in an industry which is pretty much nonunion, residential homebuilding.

Very interesting.

Dr. OSWALD. Some of the unions also have contracts as well for some of the Job Corps jobs.

The CHAIRMAN. I do not really know what the motivation of two of the major contractors in the Job Corps are, RCA and Singer Manufacturing Co.

Again, these are separate activities from their manufacturing. Whatever their motivation is, it evidently is working.

From industry, you certainly have the basic elements of knowledge of attitudes and motivation to be successful in work. Maybe some of that is part of their training activity.

It seemed to me that if we are using tax incentives for employing disadvantaged youth, Mr. Schiff put a word in as to tax incentives, that you did not, Dr. Oswald. He said, "targeted." You did not.

It is a targeted approach to youth employment. Would there be any way to get something more than what you described as a job performed that would have been done anyway by somebody else? Is there an opportunity to have some kind of additional responsibility other than the furnishing of a job?

In other words, is there some kind of attitudinal activity training with that tax incentive? What do you think, Mr. Schiff?

Mr. SCHIFF. Well, I think the credit that has been put on the books could have that effect in many cases, in any case. As Dr. Packer said, the problem for many of the youths is a great difficulty in relating to the world of work, to be able to get a job, to work on a regular basis, to have a regular interchange with other employees, and so on.

I have heard of various cases where firms that provide or use this tax credit probably helped these employees not by giving them very detailed training, but by giving them the kind of acquaintance with regular work that they otherwise would not have happened.

Dr. Oswald said they could have learned the job in 2 days. But for many people in that category, even if they learned the job very quickly, the reality is that they did not stick with it for very much more than 2 days or a very short time.

So the ability to remain on the job might be quite important.

Also, on the more general question of business involvement, I really think there has been quite a major shift in business attitudes toward trying to be part of a real public-private partnership in this area.

You asked about motivation of business. That is very hard to define precisely, but there is now really a very strong interest on the part of major firms to try to work on this in a constructive way. The reasons for this are spelled out in detail in CED's policy statement on "Jobs for the Hard-to-Employ."

Some years ago many firms were entirely disillusioned with private sector involvement in manpower programs, for reasons that were very easy to understand. I think they felt at the time that it was too difficult to relate to these programs unless it was done in a different way. They felt these programs often just didn't work.

There are many firms that cannot directly deal with the severely disadvantaged. The cost of training and dealing with Government programs was too much.

That is why I emphasize creating intermediary organizations to help businessmen deal with that. The tax element is only a part of it. Business now knows that these approaches can work.

If you create public-private partnership programs using such features in combination, you can get a much better result in the end.

Dr. OSWALD. If I may, our experience has shown that some of our programs have been effective where there is money spent setting up.

Mr. Schiff spoke about the Chrysler program where there was money set aside for developing a buddy program, where new workers became assigned to an experienced worker who helped them overcome the initial transition to sticking with the job.

That sort of motivation from somebody else was shown to be an effective tool of sticking with it. We think that using that same money for that type of program is much more effective than just throwing it out in some sort of tax credit for which there is no accounting, for which there is no direct responsibility.

Dr. SAWHILL. If I may say something about ways of motivating young people to take advantage of whatever services we can provide, including subsidized jobs, it seems to me that this notion of performance standards can be very important.

One thing that we know is that a high school diploma does not mean very much anymore. You cannot tell, just because someone has a high school diploma, whether they have basic competencies—or so employers tell us.

Similarly with graduation from certain CETA programs, there is a kind of social promotion.

If we adopted something along the lines of Secretary Packer's performance standards, both in schools and in CETA, then the youth would know that if they made the effort, whether it was in a job or training program or in school that there would be some reward at the end of the line for them.

If we could get these credentials tied to performance, and if at the same time, employers in the regular economy came to accept and respect those credentials as documenting performance, it would be very helpful.

Our programs have been heavily focused on those in need, and that is appropriate. However, within the category of those in need, we have to start making distinctions between those who are motivated to improve their lot and those who are not, and this kind of mechanism would help to do that.

The CHAIRMAN. Did you hear the other panel on the individualized plan that has been mentioned here? This is a counterpart at an early stage of development, isn't it, when a person is in education and a program relates to work?

I think that personalized planning is somewhat similar in its reach as the performance standard would be at a later stage of supportive effort.

Dr. PACKER. I think that is exactly right. The problem is, how to do it without creating an excessive paperwork burden.

The new technology may permit us to do so. Unfortunately, when a youngster drops out of school, he drops out of the paperwork system, too. He is lost sight of. We need a system associated not so much with an institution but with a youngster himself. If they get training outside the school, that also goes on the record, and he has a record which is meaningful to a potential employer, whether that meaningful experience or education was achieved in the school system or the CETA system or in a vocational operation of some other sort.

Yes, there is a very direct connection between the two concepts.

The CHAIRMAN. Dr. Sawhill, your report will be forthcoming. I am wondering if you could give us a little advance?

On page 11, you talk about the options of increasing job opportunities. Included are macroeconomic stimulation, targeted job creation—certainly that has been a part of our program, and antidiscrimination activities—we have had great experience with that.

There are two others which you have listed, one of which is reducing the number of undocumented workers. I am not sure I understand exactly what that means. I gather it means legalizing?

Dr. SAWHILL. No; it means trying to prevent the flow that is coming over the border.

The CHAIRMAN. All right.

The one that has a big red flashing light here, I did not hear mentioned until now, and that is, minimum wage reduction.

This comes on as a popular answer by about—40 percent of this organization, the Senate. I want to keep it no higher than that, because it impresses me that this is a real snare and delusion, to use a minimum wage, a subminimum wage for the young community.

With a subminimum wage you will get what we simplistically call deadend jobs, jobs that will last as long as the subminimum wages permitted under law, with the employee going out the back door, and a new employee eligible for the subminimum coming in the front door. That is how it looks to me.

There is also the problem of displacement of adult workers. The subminimum wage is fraught with problems. It also might be fraught with some that I have not mentioned yet—youth attitudes, and whether they have that feeling here that: We are again second-class citizens.

Dr. PACKER. I just mentioned——

Dr. SAWHILL. May I answer that?

The CHAIRMAN. Yes; addressed to Dr. Sawhill.

Dr. SAWHILL. I would tend to agree with most of the points you made, and would want to underscore several of them. Our research suggests that although the cost of employing youths does make a difference, and although employers are sensitive to costs, we do not think that tampering with the minimum wage would have any major impact.

It would carry other costs which may not be very acceptable, and for that reason, I do not think it is a very good idea. It is difficult to target it, and as you mentioned, the tax credit can be targeted on certain groups of youth. As you also implied, youth might not take the jobs at a lower wage. So although we felt that we had to address it as a policy option, because as you suggest it is very much discussed, I think for lots of reasons, we have come to the conclusion at the staff level anyway, that it does not make a great deal of sense to modify the minimum wage.

The CHAIRMAN. This has been very, very stimulating for me, and it will be for the members who follow this discussion in our hearing record It will be very useful when we get around the table here and start talking about the legislation.

Maybe written questions will follow. Will that be all right?

Dr. SAWHILL. Yes.

Dr. OSWALD. Yes.

Mr. SCHIFF. Yes.

Dr. PACKER. Yes.

The CHAIRMAN. Thank you very much. We will be in recess.

[The following was received for the record:]

A STATEMENT SUBMITTED
TO THE CONGRESS OF THE UNITED STATES
September 30, 1979

by
John W. Porter
President, Eastern Michigan University
Ypsilanti, Michigan 48197

YOUTH AND THE WORKPLACE: PERSPECTIVES FOR THE COMING DECADE

PREPARED FOR THE
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, D.C.

The three-part proposal that I shall present to the committee is designed to address many of the societal problems plaguing the public schools, such as: (1) discipline, (2) indifference, (3) crime, (4) vandalism, (5) desegregation, (6) drugs, and (7) pregnancy, and also respond directly to the youth employment crisis. The societal problems that I mentioned above are in direct competition in the public arena with our school purposes: (1) custody, (2) instruction, (3) socialization, (4) selection, and (5) placement.

If the public school is to maintain its position within society and regain its creditability among the masses, there must occur a direct relationship between one's education and one's employment during the decade of the 1980's.

Such a public policy action could be the most significant domestic accomplishment of the 1980's.

A unique solution to the nation's perplexing equation is postulated in this proposal. On one side of the equation we have observed the inability of many high schools to meet the needs of those poor performing students (PPS) in the lower half of the normal distribution curve (NDC), the result being increased criticism of the public schools. On the other side of the equation is high youth unemployment (HYU), most characteristic among minorities because of a lack of jobs (LOJ) resulting in increased dependency on social services.

PPS + NDC = HYU + LOJ

To equalize both sides of the equation one must remove the evils of the normal distribution curve by instituting criterion performance measures of acceptability, but achievement of acceptability must assure job opportunities which lead to youth employment.

Serious attention to this formula would result in a tremendous impact upon the nation's public secondary schools, while at the same time maintaining a respectable standard for job placement.

With this perspective and equation formulation I come to this discussion of youth and young adult high unemployment, particularly among minorities, from three separate vantage points -- as former President of the Council of Chief State School Officers, as a former member of the President's National Commission on Employment Policy, and as a member of the National Advisory Council on Social Security.

These experiences at the national level have led me to conclude that there are three primary segments to American life - education, employment, and entitlement (a decent standard of living at retirement); and that they must now be linked.

Not until very recently, in fact only within the past 25 years, has one's education become, in my opinion, one of the primary segments of American life--for those who have traditionally been in the lower half of the normal distribution curve.

Until the historic U.S. Supreme Court decision of 1954, the schools of the nation were primarily charged with the task of screening, sorting and selecting. For those who were not inclined for whatever reason to succeed in the schools, they could through World War II find employment in unskilled jobs, farming, or domestic work, which did not require acquisition of secondary school competencies.

In addition, the technological revolution which also developed within the past quarter of a century has increased the need for all secondary students to acquire life role competencies.

The fact is there are some new and unique changes around us and among us that just did not exist before 1950 and are unparalleled in our history as a nation:

1. There is television to influence our minds.
2. There are jet airplanes to quickly transport us.
3. There are computers that monitor and mesmerize us.
4. There are transistors to amuse us.
5. There are freeway mazes to zip us to the suburbs.
6. There are shopping malls of plenty and convenience.
7. There are visitations to the moon and exploration of space.
8. There are discotheques influencing behavior.
9. There are Holiday Inns and many motor inns to accomodate travelers.
10. There are credit cards to purchase our pleasures.
11. There are frozen foods and bountiful supermarkets that have changed our family habits.
12. And McDonald's and the fast food craze that have changed the way we eat.

Over half of all Americans take these events for granted, as if they always existed and the other half fail to appreciate their full implications upon the schooling process. These market place conveniences did not exist for whites or blacks, rich or poor, north or south, prior to the second half of the 20th century.

These market place conveniences have brought into the homes of the masses a perception of the good life on Mainstreet U.S.A., and have raised the level of aspiration of those previously screened out of the schools. That, in essence, is what these remarks are all about.

There is an urgent need to formulate a national policy framework on youth and young adult employment which can be used to evaluate specific programs and proposals.

The first principle of such a framework is whether there should be a direct relationship between a high school student acquiring employability skills and a job opportunity. I believe there should be. (See Appendix A)

Such a framework was formulated in 1935 as public policy when the nation decided there should be a direct relationship between employment and an entitlement to a decent retirement level by enacting into law the Social Security System.

Since education, employment and entitlement have emerged, in my opinion, as the three most critical segments of American life and correspond very closely to present life cycles, it seems inevitable that these three segments now be directly linked. Even today, 1979, forty-four years later two of the major issues in terms of the linkage between employment and entitlement are universal coverage and equity for women. It may take another 50 years to interface education and employment, even if we begin now.

Since Brown vs. the Board of Education of Topeka in 1954, the role of the school has been dramatically changed. Although education continues to be valued and a high premium in the nation, the institution that delivers a large proportion of that education, the public school, is not as highly valued.

One principle reason for this current dilemma is that the public school has always been regarded in the past as the nation's "great screener" rather than the nation's "great equalizer," and in this regard the public has been well served by the public school.

There is, however, an urgent need to link education and employment. Such a linkage currently exists between our school systems and the higher education institutions in terms of federal assistance and state programs.

In this respect, the declining birth rate may lead to a change in the supply/demand picture for youth and young adults, further aggravating the situation.

Without an established linkage now those in the lower half of the normal curve, the minorities in disproportionate numbers may find themselves further disadvantaged, and the role of the public school further weakened.

After two years of hearings, meetings and reports, the Youth Task Force of the National Commission on Employment Policy made seven recommendations in regard to what should take place in terms of a federal initiative.

Although it may take many years to fashion a comprehensive linkage between education and employment, the need for a national youth employment policy framework is now.

Furthermore, I believe three ingredients toward such a framework could be established by federal legislation that would require:

1. An agreement on and measurable employability skills.
2. Each senior high school receiving federal funds to prepare an individual employability plan for each student.
3. Those students at graduation who were certified externally that they possessed employability competencies would be guaranteed jobs by the states. This could be implemented by federal legislation providing matching funds to states that became the employer of last resort for all 18 through 21 year olds. The first responsibility

of the state would be to assist those who apply to locate jobs in the private sector. Only after that effort failed would the state be required to contract in the public sector or generate jobs.

The establishment of employability skills as the first of the three components is not as difficult as some would lead us to believe. In Michigan we have identified one dozen employability skills essential for success in the world of work:

1. Functional reading skills
2. Effective writing skills
3. Effective verbal skills
4. Practical computational skills
5. Ability to follow directions
6. Ability to project mental alertness and physical soundness
7. Punctuality
8. Report to assignments consistently
9. Enthusiasm for one's assignment
10. Sense of suitable and appropriate attire
11. Applying and understanding requirements of the job
12. Ability to get along with others

The first six of these employability skills can be measured through utilization of our 10th grade state assessment of student needs test, and our 12th grade employability and occupational skills test will measure through on the job training and observation the remaining six employability skills.

Many states are now moving toward the improvement of secondary education through additional funding and specificity of a different curriculum for all students.

As we in Michigan begin to look at the issues facing the senior high schools in our state, we see the steps that have to be undertaken to improve the ability of the schools to respond to all their students:

--- First, there must be an assessment of the students' basic skills as they come into the 10th grade.

--- Second, there must be several different options for students to fulfill the overall goals of the school and community.

--- Third, There must be life role competencies, e.g., those skills in occupational and employability endeavors, aesthetic and humanistic appreciations, civic and social responsibilities, and personal and family management taught in the schools that prepare students for adult life, available to all the schools in the state, and there must be a means of assessing students' performance in those competencies.

--- Fourth, there must be incentive available to the senior high schools to encourage them to implement the life role competencies into their school program.

--- Fifth, there must be incentives to bring together small high schools in an effort to have them provide a variety of educational and employment opportunities that have an economy of scale that is beneficial to students.

--- And sixth, there must be a vital link between the schools, job opportunities and job placement.

We are a nation of 17,000 autonomous school districts, with 50 states and six territories that supervise public instruction. There currently exists no public linkage in this decentralized mechanism, even though as a nation our employment problems, our energy problems, and our technological advances tend to force the entire nation toward a single direction.

Such a plan would have long term economic development implications and to procrastinate may shift the emphasis in such a way that the development process is lost. The current youth unemployment problem is more than just a supply and demand issue, and should be addressed in its fullest sense.

I am very pleased that the National Commission on Employment Policy realized a need to get involved in the area and created a Youth Task Force to study possible approaches. Chairman Eli Ginzberg and the Commission Director Isabel Sawhill are to be commended.

In its examination of youth employment problems, the Youth Task Force concluded that the problems of youth unemployment, especially minority youth unemployment, can be traced to the failure of many youth to acquire basic skills or to develop employability skills. These failures can be attributed to several causes. The Task Force concluded that not all of the causes can be attacked on all fronts and that efforts must be concentrated on programs and institutions that are amendable to federal policy initiatives.

The Task Force's seven interrelated recommendations are designed to lead to improved educational attainment and enhanced employability development for future generations of young people who, in the absence of such programs, are likely to experience the same employment problems as their predecessors.

The recommendations of the Task Force are recapitulated as follows:

--- The Youth Task Force's first recommendation is that a new amendment to the career education act be enacted in a federal law providing matching grants to state education agencies to be utilized by school districts to implement such programs.*

--- The Youth Task Force's second recommendation is that more detailed studies of the interrelationship between economic development and inner city employment/unemployment should be undertaken by the federal agencies, including the national Commission for Employment Policy, with the intent to discover additional means of providing job opportunities in nontraditional ways.

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*"Such programs" refers to expanded career awareness, vocational exploration and experienced based education programs.

--- The Task Force's third recommendation is that work-study and other work experience programs involving the payment of wages or allowances from federal funds, be targeted by residence and income to the economically disadvantaged, defining economically disadvantaged students as those who are from families whose income does not exceed 100% of the lower living standard income level.

--- The Task Force's fourth recommendation is that the federal government should continue to encourage different kinds of services and mixes of services, but that a specific federal agency should be designated to determine those programs which work best in terms of placing youth in the private sector and in terms of the retention of such youth on jobs in the private sector.

--- The Task Force's fifth recommendation is to consolidate the various youth programs, with the exception of the entitlement demonstration, into one youth title with a single eligibility criterion, and to provide monies for the program on an advance funding basis. Such a change would allow the prime sponsors the flexibility they need to provide comprehensive services tailored to the needs of their youth population and the resources available locally.

--- The Task Force's sixth recommendation is the establishment of a federal requirement that the states under a matching grant program become employers of the last resort in those cases where: (1) young people have completed regular school or have completed a program under an employment and training activity; (2) have had their employability certified by the United States Employment Service; and (3) with state assistance are unable to find regular, unsubsidized employment.

--- The Task Force's seventh and final recommendation is that any agency requesting funding for training programs certify in advance that they agree with the established common standards of measurable program effectiveness in terms of basic skill and employability skill attainment. Certification of such attainment is to be determined by an agency external to the grant recipient and prime sponsor.

It may take the federal government several years to discuss appropriate strategies for implementing these recommendations, but in the state of Michigan, as I noted earlier, efforts have been moving steadily toward attainment of the principle of an identifiable set of employability skills, and individual employability plan for each senior high school student, and the state becoming the employer of the last resort.

Legislation has been drafted for introduction in the 1980 legislative session to implement both concepts: The employability skills in 1980, the Individual Employability Plan (IEP) in the fall of 1981, and the state as employer of last resort in 1983. Copies of the proposed legislation are available upon request.

Whether states utilize the idea of education-work council as proposed by Willard Wirtz in terms of job identification and the employment service for job placement are optional.

The primary principle being pursued by these proposals is not complicated or difficult to comprehend:

FIRST: Public high schools must be given more support if they are to better respond to the heterogeneity that now exists among their clients.

SECOND: Youth and young adults must be made aware of the specific criteria that is expected of them as they enter senior high schools in this era of competency training.

THIRD: States that require youngsters to stay in school from 6 to 16, must assume a new role of being required to assist those youth 16 to 18 who acquire employability skills to get jobs if that is an option which they pursue.

There is nothing "welfarist" about this proposal. It is embedded in the best traditions of education accountability and the principles of our capitalistic enterprise.

Exhibit A

A STEP TOWARD
MEETING THE FULL EMPLOYMENT
NEEDS OF YOUTH

ESTABLISHING MEASUREABLE COMPONENTS REGARDING EMPLOYABILITY SKILLS: AN ACTION PLAN FOR THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS

BY:

JOHN W. PORTER

STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

PREPARED SPECIFICALLY FOR THE C.C.S.S.O.
SUMMER INSTITUTE 1979

MICHIGAN DEPARTMENT OF EDUCATION
LANSING, MICHIGAN
JUNE, 1979

A STEP TOWARD MEETING THE FULL EMPLOYMENT NEEDS OF YOUTH

WHAT CAN THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS DO TO POSITIVELY IMPACT THE EMPLOYMENT PREPARATION OF YOUTH AND YOUNG ADULTS?

SINCE THE PASSAGE OF THE VOCATIONAL EDUCATION AMENDMENTS OF 1968, THERE HAVE BEEN SIGNIFICANT IMPROVEMENTS IN THE VOCATIONAL EDUCATION PROGRAMS ACROSS THE NATION. LIKEWISE, THE CAREER EDUCATION MOVEMENT OF THE 1970'S HAS SHIFTED THE EDUCATION EMPHASIS TO PROVIDE A MORE PRACTICAL CAREER PERSPECTIVE FOR ALL YOUTH. HEAVY RELIANCE ON ADVISORY COMMITTEES COMPOSED OF INDIVIDUALS FROM THE COMMUNITY, BUSINESS, AND INDUSTRY IS ALSO ANOTHER INDICATOR OF A POSITIVE STEP IN THE RIGHT DIRECTION. WHILE MASSIVE CHANGES AND IMPROVEMENTS CAN BE HIGHLIGHTED, THE FACTS INDICATE THAT THERE IS MUCH TO BE ACCOMPLISHED IF AS A NATION WE ARE TO REALLY PROVIDE THE NECESSARY LINKAGE BETWEEN EDUCATION AND EMPLOYMENT. THE FOLLOWING CONDITIONS ARE SOME INDICATORS OF THE NEED FOR IMPROVED LINKAGE:

1. GENERAL UNEMPLOYMENT REMAINS AT 8.2 PERCENT IN MICHIGAN, HOWEVER, YOUTH EXPERIENCE UNEMPLOYMENT RATES OF 21.5 PERCENT. THE UNEMPLOYMENT RATE OF NON-WHITE YOUTH, AGE 16-19, IS 48.8 PERCENT. THESE MICHIGAN STATISTICS ARE NOT UNLIKE THOSE FOUND IN OTHER STATES.

2. WE ARE INDEED IN AN "EMPLOYMENT CRUNCH". IT IS AN EMPLOYERS MARKET WHERE THE COMPETITION FOR EXISTING POSITIONS IS KEEN, WHICH MEANS THAT NEW STRATEGIES MUST BE EMPLOYED.

3. EVEN WITH CHANGING LIFESTYLES, "WORK REMAINS AT THE CENTER" FOR THE VAST MAJORITY OF TODAY'S ADULT AMERICANS. YOUTH (14-18) AND YOUNG ADULT (18-21) ARE SEEKING ENTRANCE INTO THE LABOR FORCE IN INCREASING NUMBERS.

4. THE COUNSELING FUNCTION AT THE HIGH SCHOOL LEVEL CONTINUES TO BE BAISED TOWARD CONTINUED EDUCATION AND AWAY FROM DIRECT EMPLOYMENT.

5. MOST MINORITY YOUTH ARE EXTREMELY DISADVANTAGED IN COMPETING FOR JOBS THROUGH THE NORMAL CHANNELS.

6. IN RECENT YEARS, STATES AND THE FEDERAL GOVERNMENT HAVE FOCUSED INCREASED ATTENTION ON THE NEED TO BETTER LINK EDUCATION AND EMPLOYMENT.

7. THROUGHOUT THE COUNTRY THERE HAS BEEN MUCH TO DO ABOUT THE EMPLOYMENT OF YOUTH AND YOUNG ADULTS. AS ONE RESPONSE TO THE PROBLEM, THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT WAS PASSED IN 1974. THIS ACT PUT GREATER EMPHASIS ON VOCATIONAL EDUCATION AND ON-THE-JOB TRAINING. TRADITIONALLY, VOCATIONAL PROGRAMS AND NOW CETA PROGRAMS HAVE FOCUSED UPON THE ACQUISITION OF OCCUPATIONAL SKILLS; AND, TO THE DISMAY OF MANY WHEN THE SPECIFIC OCCUPATION HAS TERMINATED, THE INDIVIDUAL IS NOT PREPARED TO COMPETE FOR ANOTHER JOB IN THE MARKETPLACE.

BECAUSE OF THESE SEVEN CONDITIONS, EXISTING EFFORTS MUST BE ENHANCED IF WE ARE TO CONTINUE TO MAKE INROADS INTO THE EDUCATIONAL/EMPLOYMENT PROBLEMS FACED BY YOUTH. NEW LEADERSHIP AND MOTIVATION IS REQUIRED. NO LONGER CAN WE CONTINUE TO RELY ON THE TRADITIONAL APPROACHES. WHILE THE EXISTING EMPHASIS ON VOCATIONAL AND OCCUPATIONAL EDUCATION MUST RECEIVE CONTINUED SUPPORT, THOSE SKILLS THAT TRANSFER FROM JOB TO JOB NEED EXPANDED RECOGNITION AND SUPPORT.

THIS IS WHERE THE COUNCIL CAN HAVE A POSITIVE IMPACT ON LINKING THE EDUCATIONAL SYSTEM AND THE EMPLOYMENT WORLD. IT CAN:

1. PROVIDE NEW LEADERSHIP THAT RECOGNIZES AND PROMOTES THE PREPARATION OF YOUTH WITH THESE JOB TRANSFERABLE SKILLS.

2. PROVIDE MOTIVATION TO VARIOUS AGENCIES TO PLACE EMPHASIS ON YOUTH ATTAINMENT OF THESE SKILLS.

3. STIMULATE LEADERS IN EDUCATION, BUSINESS, AND INDUSTRY TO DEVELOP PLANS FOR IMPLEMENTING INSTRUCTIONAL PROGRAMS.

4. ENHANCE THE WORKING RELATIONSHIP BETWEEN VARIOUS AGENCIES IN THE COMMUNITY.

TO PROVIDE A BETTER UNDERSTANDING OF WHAT IS NEEDED, LET ME HIGHLIGHT A CRITICAL AREA IN WHICH THE COUNCIL CAN MAKE A SUBSTANTIAL CONTRIBUTION. THESE TRANSFERABLE SKILLS, SKILLS WHICH A PERSON TRANSFERS FROM ONE JOB TO THE NEXT, ARE REFERRED TO IN MICHIGAN AS EMPLOYABILITY SKILLS. FOCUSING ATTENTION ON SPECIFIC EMPLOYABILITY SKILLS WHICH ARE TRANSFERABLE IN THE MARKETPLACE IN TERMS OF BOTH IN-SCHOOL PREPARATION AND ON-THE-JOB TRAINING PROGRAMS COULD GO A LONG WAY IN BETTER LINKING EDUCATION AND EMPLOYMENT.

THE QUESTION NOW BECOMES "WHAT REALLY ARE THESE EMPLOYABILITY SKILLS?" OCCUPATIONAL SKILLS AND EMPLOYABILITY SKILLS ARE OFTEN THOUGHT OF AS BEING SYNONOMOUS, WHEN ACTUALLY THERE IS A VERY DISTINCT DIFFERENCE BETWEEN THE TWO.

OCCUPATIONAL SKILLS ARE USUALLY VERY TECHNICALLY ORIENTED AND JOB-TASK RELATED, AND TEND TO BE WHAT IS PROVIDED IN VOCATIONAL EDUCATION. EMPLOYABILITY SKILLS ARE DEFINED BY THE MICHIGAN DEPARTMENT OF EDUCATION AS "THOSE SKILLS, KNOWLEDGE, BEHAVIORS, AND JUDGMENTS NEEDED TO SECURE, MAINTAIN, ADVANCE, AND TERMINATE A JOB (OTHER THAN OCCUPATIONAL OR TECHNICAL SKILLS)."

HISTORICALLY, EMPLOYABILITY SKILLS HAVE BEEN DIFFICULT TO DEFINE, A LONG TIME IN ACQUIRING, AND VIRTUALLY IMPOSSIBLE TO MEASURE. IN CONTRAST, OCCUPATIONAL SKILLS HAVE BEEN EASY TO DEFINE, A SHORT TIME IN ACQUIRING, EASY TO MEASURE, BUT OFTEN NOT TRANSFERABLE. IT HAS, THEREFORE, BEEN EASIER TO PROVIDE TRAINING IN TECHNICAL AND OCCUPATIONAL SKILLS FOR THOSE STUDENTS ENROLLED IN VOCATIONAL EDUCATION PROGRAMS. WHAT WE ARE PROPOSING ARE A SET OF EMPLOYABILITY SKILLS FOR ALL STUDENTS.

THERE SEEMS TO BE, FROM THE GROWING EVIDENCE OF JOB SEEKERS, A NEED TO PINPOINT SOME OF THE COMMON EMPLOYABLE SKILLS THAT EVERY WORKER NEEDS TO POSSESS. A REVIEW OF THE LITERATURE SUGGESTS THAT IN ADDITION TO OCCUPATIONAL SKILLS, THE FOLLOWING ONE DOZEN EMPLOYABILITY SKILLS ARE ESSENTIAL FOR SUCCESS IN THE WORLD OF WORK:

1. PUNCTUALITY
2. REPORT TO ASSIGNMENTS CONSISTENTLY
3. ENTHUSIASM FOR ONE'S ASSIGNMENT
4. SENSE OF SUITABLE AND APPROPRIATE ATTIRE
5. FUNCTIONAL READING SKILLS
6. EFFECTIVE WRITING SKILLS
7. EFFECTIVE VERBAL SKILLS
8. PRACTICAL COMPUTATIONAL SKILLS
9. APPLYING AND UNDERSTANDING REQUIREMENTS OF THE JOB
10. ABILITY TO GET ALONG WITH OTHERS
11. ABILITY TO FOLLOW DIRECTIONS
12. ABILITY TO PROJECT MENTAL ALERTNESS AND PHYSICAL SOUNDNESS

WHILE SKILLS TO FIND AND GET (JOB SEEKING) A JOB ARE ONLY ONE PART OF THE EMPLOYABILITY SKILLS, IT MAY WELL BE WORTHWHILE TO EXAMINE WHAT THE LITERATURE SAYS ABOUT THE JOB SEEKING SKILLS OF YOUTH. UTILIZING THE NATIONAL LONGITUDINAL SURVEY OF THE WORK EXPERIENCES OF MALE YOUTH FROM 1966-69, SAUNDERS ATTEMPTED TO DETERMINE WHETHER PARTICULAR JOB-FINDING TECHNIQUES COULD BE ASSOCIATED WITH THE PERSONAL CHARACTERISTICS OF THE YOUTH OR WITH THE CHARACTERISTICS OF THE JOB ITSELF.[1] SAUNDERS FOUND THE PERSONAL CHARACTERISTICS OF AGE AND EDUCATION TO BE OF MOST IMPORTANCE WITH YOUNGER AND LESS-EDUCATED YOUTH RELYING MORE ON INFORMAL CHANNELS, I.E., FRIENDS AND RELATIVES AND DIRECT APPLICATION FOR JOB INFORMATION. AS EDUCATIONAL LEVEL INCREASED, THERE WAS AN INCREASE IN THE USE OF MORE FORMAL TECHNIQUES, ESPECIALLY SCHOOL PLACEMENT SERVICES.

THE JOB-FINDING CHANNELS USED DID MAKE A DIFFERENCE IN THE KIND OF JOB AND THE PAY RECEIVED. IN GENERAL, WHITE COLLAR JOBS WERE FOUND BY THOSE WHO RELIED ON FORMAL METHODS. THOSE WHO UTILIZED LESS FORMAL METHODS USUALLY LOCATED BLUE-COLLAR JOBS. WITH THE EXCEPTION OF THE USE OF SCHOOL EMPLOYMENT SERVICES, FORMAL CHANNELS CONSISTENTLY PRODUCED HIGHER PAYING JOBS. THERE IS ALSO A HIGH CORRELATION BETWEEN THESE FACTORS AND RACE OR ETHNIC ORIGIN.

DISADVANTAGED YOUTH CONTINUE TO HAVE THE MOST DIFFICULTY IN THE JOB-SEEKING PROCESS. THIS IS PERHAPS DUE TO HAVING THEIR ACHIEVEMENT VALUES NEGATIVELY AFFECTED BY A SERIES OF FRUSTRATIONS AND DEFEATS. THE ASSUMPTION THAT FRIENDS AND RELATIVES ARE UNABLE TO DIRECT THEM TOWARD GOOD JOBS DOES NOT DESCRIBE WHAT ACTUALLY HAPPENS. THE LEVEL OF INFORMATION KNOWN ABOUT THE LABOR MARKET, ALONG WITH THE ABILITY TO EXERCISE A VARIETY OF JOB LOCATION

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[1] SAUNDERS, DAVID N., "THE COMPANY YOUTH KEEP: AN EMPIRICAL ANALYSIS OF JOB FINDING AMONG YOUNG MEN." PH.D. DISSERTATION, BRYN MAWR COLLEGE, 475 PAGES.

METHODS, SEEMS TO BE MORE CRITICAL. THE EFFORTS SHOULD NOT BE TO DISCOURAGE THE USE OF INFORMAL CHANNELS NOR TO ENCOURAGE THE USE OF FORMAL CHANNELS, BUT RATHER TO ENCOURAGE THEM TO LOOK FOR WORK IN A MORE PLANNED WAY AND TO MAKE MORE INFORMED AND CONSCIOUS CHOICES AMONG VARIOUS JOB SEARCH METHODS.

UTILIZING CAREER EDUCATION AS THE DELIVERY SYSTEM AND ADDING AN INDIVIDUAL EMPLOYABILITY PLAN ALONG WITH GUARANTEED EMPLOYMENT, 4/5 OF WHICH WOULD BE IN THE PRIVATE SECTOR, COULD ADDRESS MANY OF THE SCHOOL RELATED PROBLEMS ASSOCIATED WITH THE POOR AND MINORITIES.

IN A REPORT OF RESEARCH STUDIES PREPARED BY CARKHUFF ASSOCIATES, INC. IT WAS CONCLUDED THAT A PERSON NEEDS TWO THINGS IN ORDER TO OBTAIN JOB PLACEMENT, (1) INFORMATION ABOUT POSSIBLE OPPORTUNITIES, AND (2) SKILLS TO BE ABLE TO TAKE ADVANTAGE OF WHATEVER OPPORTUNITIES EXIST.[2] MOST FREQUENTLY, THE LITERATURE CITES THE FOLLOWING FIFTEEN INFORMATION AREAS:

1. CAREER OPPORTUNITIES
2. OCCUPATIONAL OPPORTUNITIES
3. JOB PATTERNS
4. CURRENT OPENINGS
5. JOB REQUIREMENTS
6. TRAINING OPPORTUNITIES
7. WORK EXPERIENCES
8. POTENTIAL WORK PROBLEMS
9. APPRENTICESHIP PROGRAMS
10. U.S. EMPLOYMENT SERVICES
11. PERSONAL ASSETS AND LIABILITIES
12. LABOR UNIONS
13. LABOR LAWS

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[2] CARKHUFF, R.R.; PIERCE, R.M.; FRIEL, T.W.; AND WILLIS, D.G. GETAJOB. AMERST, MASSACHUSETTS: HUMAN RESOURCE DEVELOPMENT PRESS, 1975.

14. WORK PERMITS, AND
15. DISCRIMINATION LAWS

SIMILARLY, A VARIETY OF SKILLS IS NEEDED IN ORDER TO FACILITATE THE PLACEMENT PROCESS. MOST OFTEN CITED ARE:

1. ORAL AND WRITTEN COMMUNICATION
2. READING
3. COMPUTATION
4. SELF-ASSESSMENT
5. IDENTIFYING EMPLOYMENT OPPORTUNITIES
6. JOB ASSESSMENT
7. WRITING APPLICATION LETTERS
8. FILLING OUT APPLICATIONS
9. DEVELOPING RESUMES
10. TEST TAKING
11. PUNCTUALITY
12. INTERVIEWING
13. SELF-MARKETING
14. FOLLOWING UP INTERVIEWS
15. PRESENTING A POSITIVE ATTITUDE
16. GETTING ALONG WITH OTHERS
17. DEPENDABILITY
18. INTERNSHIP SKILLS
19. JOB MAINTENANCE
20. JOB PROMOTION
21. TERMINATING A JOB

NO DOUBT EMPLOYERS AND THE JOBS FOR WHICH THEY MUST FIND EMPLOYEES ARE AS DIFFERENT AS ONE CAN POSSIBLY IMAGINE. HOWEVER, THERE ARE SOME AGREEMENTS AS TO WHY APPLICANTS DO NOT GET THE JOB FOR WHICH THEY APPLY. THESE INCLUDE SUCH THINGS AS THE FOLLOWING TEN:

1. UNSUITABLE APPEARANCE
2. REQUEST OF UNREALISTIC WAGES
3. UNBUSINESSLIKE ATTITUDE OR BEHAVIOR
4. QUESTIONS ASKED GIVE THE IMPRESSION OF NOT WANTING TO WORK
5. EXTREME NERVOUSNESS
6. UNFRIENDLY MANNER
7. FAILURE TO BE ON TIME FOR THE INTERVIEW
8. BRINGING ANOTHER PERSON ALONG WHEN APPLYING FOR THE JOB
9. GIVING IMPRESSION OF "KNOWING IT ALL"
10. UNFAMILIAR LANGUAGE PHASES

WHILE IT WOULD BE IMPOSSIBLE TO DISCUSS ALL EMPLOYABILITY SKILLS HERE, THOSE DEALING WITH KEEPING A JOB CANNOT BE BY-PASSED. DEVELOPMENT OF SKILLS NEEDED TO REMAIN EMPLOYED ARE AS CRITICAL AS THOSE NEEDED FOR JOB SEEKING. EMPLOYER SURVEYS REVEAL THAT MORE EMPLOYEE TERMINATIONS ARE DUE TO BEHAVIORS OTHER THAN THOSE DIRECTLY RELATED TO TECHNICAL OR OCCUPATIONAL SKILLS. FOR EXAMPLE, BOBBITT[3] REPORTED THE FOLLOWING AS BEHAVIORS MOST OFTEN RESULTING IN JOB TERMINATION:

1. ABSENTEEISM
2. TARDINESS
3. LACK OF MOTIVATION

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[3] BOBBITT, FRANK; ROBINSON, BOYD F.; AND SEROWIK, FAITH. JOB MAINTENANCE WORKSHOP: A RESOURCE MANUAL FOR INSTRUCTING ADULTS ON HOW TO KEEP A JOB, CENTER FOR RURAL MANPOWER AND PUBLIC AFFAIRS, MICHIGAN STATE UNIVERSITY, EAST LANSING, MICHIGAN, MARCH, 1976, 68 PAGES.

4. IRRESPONSIBILITY
5. LACK OF CONSCIENTIOUSNESS
6. INABILITY TO FOLLOW INSTRUCTIONS
7. INABILITY TO WORK INDEPENDENTLY
8. INABILITY TO MEET DEADLINES
9. UNABLE TO ACCEPT CRITICISM, AND
10. FAILURE TO GET ALONG WITH CO-WORKERS

THE ANSWER TO THE QUESTION RAISED EARLIER ABOUT WHAT REALLY ARE EMPLOYABILITY SKILLS SHOULD BE CLEARLY UNFOLDING. THE AMERICAN SOCIETY AND THE EDUCATIONAL SYSTEM HAVE A VERY DIFFICULT TASK AHEAD OF THEM IF THEY ARE TO PREPARE YOUTH AND YOUNG ADULTS WITH EMPLOYABILITY SKILLS. CLEARLY, IT IS MUCH EASIER TO TEACH A PERSON TO CLEAN A CARBURETOR THAN TO BE PUNCTUAL OR DEPENDABLE; OR TO TAKE INVENTORY THAN TO BE RESPONSIBLE AND SHOW INITIATIVE; OR TO OPERATE A COMPUTER TERMINAL THAN TO GET ALONG WITH CO-WORKERS OR TO ACCEPT CRITICISM.

IN AN ATTEMPT TO GET AT A COMPREHENSIVE ANALYSIS AND APPROACH TO SUCH SKILLS, THE VOCATIONAL-TECHNICAL EDUCATION SERVICE OF THE MICHIGAN DEPARTMENT OF EDUCATION ISSUED A REQUEST FOR PROPOSAL ON OCTOBER 1, 1976, TO FOCUS ON THE FOLLOWING:

1. IDENTIFICATION AND VALIDATION OF A COMPREHENSIVE LIST OF EMPLOYMENT SKILLS.

2. DEVELOPMENT OF A MODEL CURRICULUM TO ASSIST STUDENTS IN ACQUIRING SUCH SKILLS.

3. IDENTIFICATION AND VALIDATION OF COMPETENCIES INSTRUCTORS NEED TO DELIVER SUCH A CURRICULUM.

4. DESIGN AND PILOT TESTING OF PROGRAM TO DELIVER A COMPETENCY-BASED TRAINING PROGRAM WHICH TEACHES EMPLOYABILITY SKILLS.
5. TRAINING OF WORKSHOP FACILITATORS IN THE AREA.
6. ASSESSMENT OF SCHOOL DISTRICTS TO DETERMINE DELIVERY SYSTEMS AND EDUCATOR RESPONSIBILITIES.
7. FIELD TESTING AND TRAINING PROGRAM ON THE EDUCATORS UTILIZING THE FACILITATORS.

THE END RESULT OF THIS EFFORT HAS BEEN A CURRICULUM OF SPECIFIC EMPLOYABILITY SKILL COMPETENCIES FOCUSED AROUND THE THEME "DEVELOPMENT OF EMPLOYABILITY SKILLS INCREASES THE ODDS, OR CHANCES OF FINDING, GETTING, AND KEEPING A JOB." THAT IS REALLY WHAT IT IS ALL ABOUT - EQUIPPING YOUTH AND YOUNG ADULTS WITH SKILLS TO MORE EQUALLY COMPETE IN THE MARKETPLACE.

IF THE CONCEPT OF FULL-EMPLOYMENT IS EVER TO APPROACH REALITY, THEN IT IS IMPERATIVE THAT YOUTH AND YOUNG ADULTS HAVE THE NECESSARY EMPLOYABILITY SKILLS TO ACQUIRE AND MAINTAIN A COMPETITIVE JOB IN THE PRIVATE SECTOR OR TO MOVE FROM GOVERNMENT SUBSIDIZED EMPLOYMENT AND TRAINING TO A JOB IN THE "REGULAR" LABOR MARKET.

THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS CAN BE INSTRUMENTAL IN SEEING THAT AMERICAN YOUTH AND YOUNG ADULTS HAVE ACCESS TO PROGRAMS THAT PROVIDE INSTRUCTION FOR THE DEVELOPMENT OF EMPLOYABILITY SKILLS. THE COUNCIL NEEDS TO VERIFY THE MOST CRITICAL EMPLOYABILITY SKILLS AND TAKE AGGRESSIVE STEPS TO HAVE C.E.T.A. TRAINING AND VOCATIONAL EDUCATION PROGRAMS INCORPORATE SPECIFIC INSTRUCTIONAL PROGRAMS AND VERIFICATION THAT ENROLLEES HAVE DEMONSTRATED ATTAINMENT OF THESE SKILLS. AGGRESSIVE STEPS SHOULD ALSO BE TAKEN TO GET

SCHOOLS AND C.E.T.A. PROGRAMS TO REDEFINE THE ROLE AND RESPONSIBILITY OF COUNSELORS TO INCLUDE THAT OF ASSISTING YOUNG PEOPLE TO DEVELOP EMPLOYABILITY SKILL COMPETENCE. SUCH STEPS COULD GO A LONG WAY IN FOCUSING NATIONAL ATTENTION ON THE LACK OF AN INSTITUTIONAL SYSTEM FOR MOVING STUDENTS, PARTICULARLY INNER CITY MINORITY YOUTH, FROM CLASSROOMS TO WORKROOMS.

IN ADDITION TO THOSE ALREADY CITED ADVANTAGES OF PROVIDING LEADERSHIP AND SUPPORT FOR THIS NEW THRUST, THE ADOPTION OF SUCH A PROGRAM BY THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS COULD HAVE SEVERAL SIGNIFICANT IMPACTS UPON YOUTH EDUCATION AND EMPLOYMENT:

1. IT WOULD BE THE FIRST TIME A NATIONAL ORGANIZATION IDENTIFIED A SPECIFIC SET OF MEASURABLE EXPECTATIONS FOR SCHOOL SYSTEMS.

2. IT WOULD GIVE STUDENTS SOME SPECIFIC CRITERIA OF WHAT WAS TO BE EXPECTED IN SEEKING AND MAINTAINING A JOB IN THE MARKETPLACE.

3. IT WOULD PLACE A UNIFORM CHALLENGE ON C.E.T.A PROGRAMS AND SCHOOLS TO PREPARE CLIENTS NOT ONLY WITH OCCUPATIONAL SKILLS BUT, MORE IMPORTANTLY, WITH EMPLOYABILITY SKILLS.

EVEN MORE HOPEFUL, THROUGH THE LEADERSHIP OF THE COUNCIL, SIGNIFICANT MODIFICATIONS COULD BE MADE TO OUR PRESENT SYSTEM BY INTEGRATING OCCUPATIONAL SKILLS WITH EMPLOYABILITY SKILLS; THUS, PROVIDING A MAJOR STEP TOWARD FULL EMPLOYMENT OPPORTUNITIES FOR YOUTH. SUCH A PLAN COULD BE IMPLEMENTED BY FIRST SEEKING DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE SUPPORT FOR THE IDEA, INCLUDING THE DEVELOPMENT OF AN EMPLOYABILITY BATTERY OF MEASURES, AND THEN SEEKING TO HAVE TRAINING PROGRAMS RUN BY SELECTED STATES PROVIDE TRAINING IN THE EMPLOYABILITY SKILLS AS PART OF ON-THE-JOB TRAINING AND C.E.T.A. SPONSORED PROGRAMS. THE OUTCOME OF THESE EFFORTS COULD BE STATE CERTIFICATION OF

EMPLOYABILITY SKILLS WHICH WOULD ADD AN ADDITIONAL PRESSURE ON THE MARKETPLACE SYSTEM TO PROVIDE JOB OPPORTUNITIES FOR YOUTH IN PARTICULAR URBAN CITY MINORITY YOUTH.

AGAIN, HOWEVER, SIGHT CANNOT BE LOST OF THE IMPACT THE COUNCIL COULD HAVE IN THIS PROCESS AND THE MAJOR CONTRIBUTION THAT COULD BE MADE TO ADDRESS EXISTING EDUCATIONAL/EMPLOYMENT PROBLEMS BY PROVIDING THE LEADERSHIP FOR A PERMANENT BOND BETWEEN EDUCATION AND ALL PHASES OF EMPLOYMENT. THE CHALLENGE IS OURS:

STATEMENT OF

Dr. Joseph P. Hannon

to

THE SENATE COMMITTEE

on

LABOR AND HUMAN RESOURCES

with respect to

PERSPECTIVES ON YOUTH UNEMPLOYMENT

October 24, 1979

Dr. Joseph P. Hannon
General Superintendent
of Schools
Board of Education
City of Chicago

SENATOR WILLIAMS AND MEMBERS OF THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES, I AM JOSEPH P. HANNON, GENERAL SUPERINTENDENT OF THE CITY OF CHICAGO SCHOOL DISTRICT. I DULY APPRECIATE THE OPPORTUNITY TO OFFER TESTIMONY AT THIS COMMITTEE HEARING CONCERNING YOUTH UNEMPLOYMENT, EXPECIALLY MINORITY YOUTH UNEMPLOYMENT.

THE FOLLOWING PERSPECTIVE RELATES TO THE DIMENSIONS, CAUSES AND IMPLICATIONS OF YOUTH UNEMPLOYMENT IN THE CITY OF CHICAGO.

THE DIMENSIONS OF YOUTH UNEMPLOYMENT CAN BE EXPRESSED IN TWO TERMS. FIRST, THE OFFICIAL UNEMPLOYMENT RATE WHICH GIVES THE PERCENTAGE OF THE CURRENT YOUTH LABOR FORCE WITHOUT JOBS. THESE ARE THE YOUTH WHO ACTIVELY SEEK JOBS AND ARE A PART OF THE OFFICIAL UNEMPLOYMENT RECORD AND STATISTICS. A SECOND METHOD OF REPORTING UNEMPLOYED YOUTH IS TO ESTIMATE THE PERCENTAGE OF THE POTENTIAL LABOR FORCE WITHOUT JOBS. THE DIFFERENCE BETWEEN THE NUMBER OF YOUTH AVAILABLE FOR JOBS AND THE NUMBER ACTUALLY WORKING IS THE RATE OF JOBLESSNESS. THIS IS THE SIGNIFICANT AND CRUCIAL FIGURE IN DEALING WITH YOUTH UNEMPLOYMENT.

IN THE INNER CITY OF CHICAGO, THERE ARE MANY ADULTS AND EVEN MORE YOUTH WHO HAVE HAD A SERIES OF UNFAVORABLE EXPERIENCES IN THE LABOR MARKET OVER AN EXTENDED PERIOD OF TIME. THESE UNFAVORABLE EXPERIENCES INCLUDE (1) FILING MANY APPLICATIONS AND NOT BEING CALLED FOR AN INTERVIEW; (2) FAILING EMPLOYMENT PAPER AND PENCIL TESTS; (3) HAVING BEEN PROMISED JOBS THAT NEVER MATERIALIZE; (4) BEING PLACED IN A JOB AND LAID OFF AFTER A RELATIVELY SHORT TIME; (5) BEING REJECTED FOR LACK OF ADEQUATE TRAINING AND EDUCATION; AND (6) BEING REJECTED FOR A JOB BECAUSE OF PERCEIVED RACIAL BIAS.

MANY NON-WHITE YOUTH BECOME FRUSTRATED, CYNICAL AND ALIENATED AFTER MANY OF THE ABOVE EXPERIENCES. THEY BECOME A PARTY OF THE HIDDEN UNEMPLOYED, AVAILABLE FOR WORK BUT NOT SEEKING IT THROUGH CHANNELS LINKED TO STATISTICAL RECORDS. ORGANIZATIONS LIKE THE CHICAGO URBAN LEAGUE, AND SOME LOCAL COMMUNITY GROUPS, HAVE ASSESSED THE RATE OF JOBLESSNESS IN THE INNER CITY AMONG NON-WHITE YOUTH, AND ESTIMATE IT TO BE 45 TO 60 PERCENT IN SEVERAL INNER CITY AREAS. ALLOWING FOR A REASONABLE MARGIN OF ERROR, THE POINT IS WHILE THE DIMENSIONS OF YOUTH UNEMPLOYMENT CAN GENERALLY BE CONSIDERED AS A MAJOR ECONOMIC AND SOCIAL PROBLEM, SPECIFICALLY NON-WHITE YOUTH UNEMPLOYMENT IS A SEVERE, EXPLOSIVE AND OUTRAGEOUS PROBLEM. THE PARTICIPATION IN THE JOB MARKET OF NON-WHITE YOUTH LIVING IN THE INNER CITY IS CRITICALLY LOW, INADEQUATE, AND HAS BEEN WORSENING FOR A DECADE. WHILE THE HIGH SCHOOL GRADUATES AMONG WHITE YOUTH HAVE SIGNIFICANTLY GREATER PARTICIPATION IN THE LABOR MARKET THAN DROPOUTS, THE SAME IS NOT TRUE FOR NON-WHITES.

ONE EXPLANATION FOR THIS PHENOMENON COULD POSSIBLY BE THE FACT THAT DROPOUTS DO NOT CONTINUE TO ACTIVELY SEEK EMPLOYMENT AFTER BEING OUT OF THE JOB MARKET FOR AN EXTENDED PERIOD OF TIME, AND THEY BECOME A PART OF THE JOBLESSNESS RATHER THAN THE OFFICIAL STATISTICS. DISTINCTIONS MUST BE MADE BETWEEN THE UNEMPLOYMENT RATE FOR WHITE AND NON-WHITE YOUTH, SINCE THERE IS A WIDE DIFFERENTIAL. THE UNEMPLOYMENT RATE FOR WHITE YOUTH IS APPROXIMATELY THE SAME AS THE JOBLESSNESS FOR NON-WHITE ADULTS.

THE FOUR MAJOR CORRELATES WITH THE EXCESSIVELY HIGH RATE OF UNEMPLOYMENT AMONG NON-WHITE INNER CITY YOUTH ARE: (1) THE DWINDLING, MOVING OUT AND LACK OF UNSKILLED, SEMI-SKILLED AND FACTORY-TYPE JOBS FROM THE INNER CITY; (2) SOME RACIAL DISCRIMINATION EXISTENCE; (3) EDUCATIONAL PROBLEMS DERIVING FROM THE HOME, THE SCHOOL AND THE COMMUNITY; (4) THE CHANGING AND CHANGED ATTITUDES OF INNER CITY YOUTH TOWARD THE JOB MARKET, ARISING OUT OF RISING EXPECTATIONS; AND (5) DISCOURAGEMENT, DESPAIR AND ALIENATION RESULTING FROM A LACK OF PROGRESS IN ALLEVIATING THE PROBLEM OF NON-WHITE YOUTH UNEMPLOYMENT IN THE INNER CITY.

THE NEGATIVE IMPACT OF JOBLESSNESS ON MANY OF OUR YOUTH IS DIFFICULT TO ASSESS. WE DO KNOW, HOWEVER, THAT THE LIFESTYLE WHICH RESULTS FROM PROLONGED UNEMPLOYMENT AND WELFARE LEVELS OF INCOME IS DEVASTATING TO THE HUMAN SPIRIT, GENERATES DESPAIR, HOPELESSNESS, AND PLAYS HAVOC WITH THE VALUES WHICH ARE PART OF THE AMERICAN DREAM. AN UNDERCLASS OF THE POOR, ALIENATED FROM THE DREAM AND HOPES OF OUR SOCIETY, HAVING A SENSE OF NOT BELONGING TO THE MAINSTREAM, AND FEELING LIKE OUTCASTS IN THEIR OWN LAND, IS BEING EXPERIENCED IN THE INNER-CITIES OF THIS NATION BY JOBLESSNESS.

THE PROBLEM HAS BEEN DEFINED AS A NATIONAL CRISIS IN SCOPE, AND THREATENING TO THE STABILITY OF CHICAGO AND OTHER CITIES. THE CONSEQUENCES OF JOBLESSNESS FAR OUTWEIGHS ITS COST. ALLEVIATING UNEMPLOYMENT IS THE SOUNDEST INVESTMENT THE CITY OF CHICAGO AND AMERICA CAN MAKE. THE DIVIDENDS IN TERMS OF ECONOMIC, SOCIAL AND MORAL UPLIFT ARE OF GREAT MAGNITUDE.

RECOMMENDATIONS THAT CAN BE OFFERED:

- THE FIRST RECOMMENDATION SHOULD BE, AND IS, TO IMPROVE NATIONAL ECONOMY. NONETHELESS, AN IMPROVED ECONOMY IN THE PAST DECADES HAS NOT CONTRIBUTED SUBSTANTIALLY TO

NON-WHITE YOUTH UNEMPLOYMENT, NOR HAS IT REDUCED THE DISPARITY BETWEEN THE RATES OF NON-WHITE YOUTH AND NON-WHITE ADULT UNEMPLOYMENT.

- OUR SOCIAL ORDER MUST MAKE A COMMITMENT IN JOBS, EITHER PRIVATE OR PUBLIC SERVICE, TO THE ALLEVIATION OF THE PROBLEM OF YOUTH UNEMPLOYMENT IN GENERAL, AND NON-WHITE YOUTH UNEMPLOYMENT IN PARTICULAR. IF THIS COMMITMENT IS MADE AND CARRIED OUT, THE NEEDED MOTIVATION, UPSURGE IN SPIRIT AND SELF-EFFORT WILL BE GENERATED TO ACCOMPLISH SUBSTANTIAL ALLEVIATION OF THE PROBLEM.
- MORE WORK-STUDY PROGRAMS SHOULD BE ESTABLISHED IN OUR SCHOOLS, IN COMBINATION WITH THE BASIC AND REMEDIAL ACADEMIC PROGRAMS.
- JOBS MUST BE AVAILABLE AFTER THE COMPLETION OF EDUCATIONAL AND JOB-TRAINING PROGRAMS. WITHOUT JOBS, FRUSTRATION, CYNICISM AND ALIENATION WILL CERTAINLY SET IN.
- BECAUSE MANY EMPLOYERS DO NOT HAVE ABILITY TO TRAIN IN-SERVICE, PUBLIC SERVICE JOBS WOULD SERVE TO COMPLETE THE ORIENTATION TRAINING, AND READINESS OF MANY YOUTH FOR THE WORK WORLD. PUBLIC SERVICE JOBS ARE NEEDED AS AN ENTRY LEVEL PLACEMENT TECHNIQUE.
- THE PLACEMENT OF YOUTH IN THE PRIVATE SECTOR AT PUBLIC EXPENSE IS A SUCCESSFUL AND PROVEN STRATEGY FOR GIVING THEM AN OPPORTUNITY TO PROVE THEIR CAPACITY AND WORTH AS PERMANENT EMPLOYEES, AND FOR BEING TRANSITIONED INTO UNSUBSIDIZED JOBS.
- PROGRAMS SHOULD DEVELOP NOT ONLY THE WORK ETHIC, BUT A MORAL SENSE OF CONTRIBUTING TO SOCIETY, WORK SKILLS AND ECONOMIC

INDEPENDENCE, BUT SOCIAL UTILITY WITH LEARNING AND INCOME.

- EXPERIMENTATION IN DEVELOPING EFFECTIVE STRATEGIES OF LEARNING, MOTIVATION FOR WORK AND SOCIAL USEFULNESS SHOULD BE UNDERTAKEN, SO AS TO PRODUCE MODELS FOR REPLICATION.
- PARENTS SHOULD BE INVOLVED IN ALL PROGRAMS, SO THAT VALUE CHANGES WILL OCCUR, AND REINFORCEMENTS WILL BE MADE. THIS IS ESSENTIAL!
- JOBLESSNESS AMONG INNER CITY YOUTH IS A MAJOR CRISIS IN CHICAGO, AS IN SOME OTHER GREAT AND OLDER CITIES. THE PROBLEM HAS BEEN WORSENING AND HAS NOT BEEN ALLEVIATED SUFFICIENTLY DURING THE UPTURNS IN OUR NATIONAL ECONOMY. TO SAVE A GENERATION OF POORLY EDUCATED, ALIENATED AND CYNICAL YOUTH FROM A LIFE OF WELFARE, CRIME AND DEPRIVATION, WE SHOULD ESTABLISH ON-GOING PROGRAMS TO SALVAGE THEM. THESE WOULD INCLUDE EDUCATIONAL REMEDIATION, WORK-STUDY, APPRENTICESHIP TRAINING AND TRAINING FOR SOCIAL UTILITY AND CIVIC RESPONSIBILITY. THESE PROGRAMS SHOULD BE ESTABLISHED IN CONJUNCTION AND COLLABORATION WITH BUSINESS, INDUSTRY, LABOR, THE MEDIA AND THE TOTAL COMMUNITY.

IT HAS BEEN VALIDATED BY THE SENATE SELECT COMMITTEE IN THEIR 1972 STUDY ON "THE COST OF DROPPING OUT" THAT THIS TYPE OF SALVAGE PROGRAM PAYS A NATIONAL DIVIDEND OF FIVE TO SIX DOLLARS FOR ONE-- TO SAY NOTHING OF THE OTHER SOCIAL, MORAL AND CIVIC DIVIDENDS.

Youth and the Work Place: Perspectives for the Coming Decade

Personal Statement by Donald J. Eberly

The 18 - 24 year old population will decline in the decade of the 80's from 30 million to 25 million. This fairly rapid fall in the youthful population has led to speculation on its possible effects. Some predict a withering away of such problem areas as the high rates of youth crime and youth unemployment. Others contend there are structural problems in our society and that they will not evaporate with changing population cohorts.

Whatever the answer the 80's brings to these problems, it is clear to this observer that there will be no decline in the energy of youth, the idealism of youth, nor in youthful desires for risk and adventure. These are predictable characteristics of young people who have passed through a childhood both physically and mentally well-nourished.

Equally predictable is the growing need for services. Many of these services can be performed competently by young people. They can take care of children at day-care centers. They can help old folks with their shopping and minor repairs and keep them out of nursing homes. They can detect the presence or absence of insects in fields and orchards and thereby reduce both costs and pesticide pollution. They can build windmills and weatherize homes to save energy.

The energies of young people could be joined with the needs of society in a program of national service. In addition, such an effort would contribute substantially to the goals of work experience and employability. In the following description of national service published in Voluntary Action Leadership (Summer 1979), a program design is outlined that would assume all young Americans of at least one year of work experience in the human, social or environmental services.

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A Call for National Service

By Donald J. Eberly

There is a growing interest in a national youth service for this country. A Gallup poll conducted earlier this year revealed a positive response (77 percent) by young people in the 18- to 24-year-old age group to a system of voluntary national service, which would offer them an opportunity to serve in the military or do nonmilitary work for one year.

In February, Rep. Paul McCloskey, Jr. (R-Calif.) and 14 other representatives introduced a National Youth Service bill (HR 2206). The proposed legislation offers four options to all 18-year-olds, including military service, civilian service or a combination of the two. Then, on May 30, Rep. McCloskey announced he would introduce an amendment to the Defense Department Procurement bill (HR 4040), which would "pave the way [through a study] for a National Youth Service alternative instead of resumption of the straight draft."

May 30 also marked the convening of a two-day National Service Conference held in a suburb of Washington, D.C. The meeting was sponsored by the Committee for the Study of National Service, which recently completed a 20-month study of national service. The 250 conference participants agreed that national youth service is worthy of "a thorough national debate with strong participation by young people." While there was no consensus on what form national service should take, many individuals offered their own ideas and models.

One participant, Donald Eberly, has been an advocate of a national youth service for years. He presents here his personal views on national service, suggesting a model based on this country's past experience with the concept.

THE UNITED STATES NEEDS A FULL-SCALE PROgram of national service. The need can be found among its 2-1/2 million 16- to 24-year-olds, who are unemployed and looking for work. Many cannot get a job simply because they never have held a job. The government can break this cycle by becoming the employer of first resort, offering our young people a full year of work experience.

The need can be found in such areas as education, health, conservation and housing, where millions of young people can be engaged effectively to tackle related problems.

The need can be found by examining the bond of trust that exists between young people and their government in a healthy society. In the past 15 years, that bond has become seriously corroded. A properly conceived, well-run program of national service would help restore this bond.

Finally, the need can be found in the idealism of young people. Many believe or want to believe that what needs to be done, can be done. A system which denies millions of

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The need can be found among our 2½ million unemployed 16- to 24-year-olds.

young people jobs of any kind, let alone jobs that young people believe would contribute to meeting society's needs, is a system that sends them an unmistakable message: "Forget about your hopes and ideals. They cannot be realized."

It is this last point that most sharply differentiates a jobs program from a service program. As material resources and opportunities for economic growth decline, as automation increasingly takes care of the production of goods, human needs and the way they are met will take on increasing importance. If the current generation of young people gains the experience of delivering such services, they will have the confidence and know-how to meet the needs of the future.

The Military Service Issue

For most of this decade, some 400,000 young men and women have enlisted each year in the all-volunteer military force. With the approaching decline of the youthful population, however, and with no expectation of a decline in our military establishment, continuation of the All-Volunteer Force in its present form seems unlikely. The government probably will be forced to choose between increasing the ante, thereby adding to inflation and inviting charges of a mercenary force, or cutting back severely on youth employment programs so as to increase the attractiveness of military service to more young people.

A third choice would be a return to the draft. If that happens, the national service alternative would describe the need for young people to serve in both civilian and military capacities, invite them to volunteer for a period of service before they are 25 years old, and restrict the draft to those who had not volunteered for any kind of national service. No one would be drafted except for military service.

Some national service advocates, notably Amitai Etzioni and Reverend Theodore Hesburgh, contend that a long-run program of voluntary national service would obviate the need for a draft, since it would generate a spirit of service among young people that would result in a sufficient number of volunteers for military service.

A National Service Proposal

Ideally, a program of national service should be derived from the mutual responsibility that should exist between a state and its young people. The state, out of concern for its

National service is not a new concept . . .

● **William James** laid the theoretical foundation for national service in 1906 in an essay entitled "The Moral Equivalent of War." If young men were conscripted to do much of the toughest nonmilitary work that had to be done, James argued, they would develop self-confidence and "would be better fathers and teachers of the following generation."

● **The Civilian Conservation Corps (CCC) and the National Youth Administration (NYA)** were organized in the '30s as two of President Roosevelt's responses to the depression. More than 2-1/2 million young men enrolled in the CCC, which was perceived to be the most successful of Roosevelt's New Deal programs. Its purpose was two-fold: to transfer money to the poor (through allotments sent directly to the families of CCC enrollees) and to perform needed conservation work.

The NYA was larger than the CCC but received less acclaim. Also, the NYA was less distinctive in several respects. It enrolled 16- to 24-year-olds of both sexes and had programs for students and nonstudents. NYA participants worked in their home towns. Over the life of the NYA, from 1935 to 1943, there were 4.8 million participants, about equally divided between male and female.

● **The GI bill** is readily acknowledged as one of the best investments ever made by the U.S. government. By returning to the tax coffers several times as much money as the $15 billion spent on education and training under the GI Bill from 1945-54, it was a sound economic investment. By producing what was generally conceded to be the best group of students ever found on American campuses, it was an investment in the quality of education. By greatly broadening the socio-economic profile of persons going on to higher education, the GI Bill was an investment in democracy.

Initially, there were predictions that the returning GIs would require a great deal of counseling and would not accept the authority of the educators. Instead, the GIs demonstrated the value of an experience-loaded interlude to formal education.

Also, the magnitude of response was vastly underestimated. Although experts predicted that less than one-tenth of the veterans would utilize the GI Bill, the total enrollment came to 7.8 million persons, or 50 percent of those eligible.

● **The Peace Corps**, created in 1961, disproved the predictions of those who called it a "kiddie corps" or compared it with the Children's Crusade of the Middle Ages. Where the assignments

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The need can be found in such areas as education, health, conservation and housing.

future, should encourage and enable all young people to contribute a period of service on the frontiers of human need. Young people, out of respect for their heritage, should feel a responsibility for a period of service on the frontiers of human need.

Based on past experience (see chronology), a national service program could be designed with the following characteristics:

- It would be open to *all* young people.
- It would require a transition period of about three years, allowing time for growth and experimentation.
- Participation would be arranged by a contract, voluntarily entered into by all parties.
- It would be based on the need for having services performed.
- Maximum local support for national service would be encouraged with underwriting guaranteed by the federal government.
- Service would be for no more than four years.

After Service

How will such a program provide for its enrollees after completion of service? First, national service should be a source of information about jobs and education. The program could provide a newsletter, job information sheets, opportunities for counseling and referrals to such institutions as the Employment Service and the Community Education-Work Councils proposed by Willard Wirtz.

Second, national service should certify the work performed by the participant. The certification should be descriptive, rather than judgmental, and should enable outgoing participants to get beyond the initial hurdle to jobs for which they are qualified.

Third, national service should offer participants an educational entitlement—a GI Bill for community service—along the lines of one proposed by Elliot Richardson and Frank Newman in 1972. At a time when the GI Bill for military service is changing its character, and financial support packages consisting of loans, grants and work-study programs are making opportunities for higher education almost universal, this is a complex issue. But if the nation wants to construct incentives for participation in national service, an associated educational entitlement is one of the most consistent ways to do it.

Fourth, the Women in Community Service and Joint Action in Community Service programs of the Job Corps were manageable, as with teaching and agriculture, the work of the volunteers generally ranged from good to outstanding. Infrequently, where the assignments tended to be vague and the objectives unrealistic, the record was less satisfactory.

While in practice the Peace Corps did not quite live up to the hopes of its early advocates, it continues to stand as a small-scale model of a program where government expresses its trust in young people, where young people respond positively to this trust, where they do good work under difficult circumstances, and where they return with a quality of understanding and wisdom that could be achieved in no other way.

- A presidential commission, in 1966, examined national service and seemed to be on the verge of recommending it when White House officials told the commission there would be no money for such a program. Consequently, the commission simply recommended experimental programs to test the idea.

At that time, the national service issue was perceived narrowly, e.g., "Will a national service alternative make the draft more equitable?"

Nevertheless, the national service concept was examined more closely than it had been for many years. Apart from the draft issue, the following rationale emerged:

—There are vast needs for service in the U.S.

—Young people can meet many of these needs.

—Many young people want to meet these needs.

—In meeting these needs, young people may develop self-confidence and civic pride, gain work experience, explore career possibilities, engage in the world outside the classroom and away from TV, discover the rewards of serving others.

—Since the national interest is served by promoting the general welfare as well as fostering constructive growth opportunities for young citizens, the government should guarantee opportunities for all young people to contribute a year or two of service to their fellow man.

There were, of course, variations of this rationale. Some believed the case for national youth service was so strong it should be required of all young people. Some began the argument with the needs of young people for service experience. Either way, it was difficult to satisfy those persistent one-dimensional questioners, who asked, "What are you *really* trying to do, help kids grow up or serve the needs of the community?"

- **Service-learning,** the integration of a service experience with educational growth, has been evolving gradually for several decades. It is a special form of experiential learning, derived directly from the philosophies of William James and John Dewey.

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The need can be found in the idealism of our young people.

should be adapted for utilization by national service. These programs utilize volunteers to recruit enrollees for the Job Corps and to counsel and help place them in jobs when they graduate. It is a service that could provide special help for low-income young people without having a stigmatizing effect on the program.

A Five Percent Fund for Experimentation

If such a model youth service program were adopted today, it might prove too rigid to meet unforeseeable demands five or ten years from now. Needs might be anticipated better if sufficient experimental funds—perhaps five percent of the total budget—were allocated to the national service program. This money could be used to test new forms of youth service programs, such as ones similar to Canada's Katimavik or Israel's several modes of youth involvement. Certain cultural and public works projects also could be tested under the experimental program.

Evaluation

A close and continuing evaluation of national service is essential. Among the more obvious elements to be assessed are:

- Participation rates by demographic sectors
- Value of service performed
- Impact on youth employment
- Impact on national service participants over time

As the national service program continues, and teenagers view it as a live option for their post-high-school years, it will be of great interest to observe the choices they make. Will they continue to enter into marriage, employment and educational institutions at the current rate, or will there be marked shifts in the pattern?

Also, what will be the economic effects of national service? Will it prove the hypothesis that it is a counter-cyclical program? Will it produce substantial savings in welfare and unemployment expenditures? Will national service lead to greater productivity in such areas as health and education? Will it be possible to discern changes in the crime rate?

These questions can be debated endlessly, but can only be answered by operating national service for several years. To undertake such an initiative requires trust in young people and hope for the future. From what this observer has seen of young people, such an experience of trust will manifest itself in a better future.

Before the service-learning experience, a student is asked to consider its learning potential and to develop a set of possible learning outcomes. During the experience, the student maintains a daily log, records peak experiences, consults with faculty advisors, and attends occasional seminars. At the conclusion, the student submits to the teacher a portfolio of his/her learning experiences. The teacher assesses the learning acquired by the student and awards academic recognition as appropriate.

The 1969 Atlanta Service-Learning conference was a milestone in stimulating nation-wide interest in service-learning. Participants in national service would be encouraged, but not required, to have service-learning contracts.

- **Program for Local Service (PLS), with only 1,200 participants over a two-year period, is the smallest government-sponsored youth service program in this review. It may yet prove to be the most significant. It was launched in 1973 as a test of the national youth service idea by two strong advocates, Joseph Blatchford, then head of ACTION, and Daniel J. Evans, then governor of Washington state.**

The Program for Local Service was open to everyone aged 18 to 25 living in a specified area in and near Seattle. It offered full-time, one-year community service positions for a stipend equal to 90 percent of the minimum wage. There was no particular effort to sell PLS. It was simply presented as an opportunity to serve for a year.

A survey revealed that 20 percent of the eligible population was aware of the program. Ten percent submitted applications; one of four entered the program. The profile of PLS participants is essentially the same as the profile of applicants, thus indicating no discrimination in the placement process. It shows an above average proportion of women, minorities and persons from low-income families. Surprisingly, the education level of participants was higher than average. The most common denominator among participants was their employment status—70 percent were unemployed and looking for work.

Unlike most other programs in this review, PLS was not for a particular class of people, such as veterans, college students or the poor. It was open to everybody in the age range. Participants included mentally retarded persons, ex-convicts, a veteran classified as 100 percent disabled, and several persons with master's degrees.

The evaluation found the worth of service performed by the average participant to be $7,000, almost double the unit cost to ACTION of funding the program. It also found the unemployment rate to have fallen from 70 percent at entry to 18 percent six months after completion of service. ***—Don Eberly***

The Chairman. The hearing is now adjourned.

[Whereupon, at 2 p.m., the committee adjourned, subject to the call of the Chair.]

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